FINANCIAL TIMES

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WORLD NEWS

Police seek Brighton suspect

Police hunting the Grand Hotel, Brighton, IRA bombers, want to trace a thin man in his 30s, with a moustache and a long pointed beard.

He was seen by a chambermaid carrying a photographer's silver case into the sixth-floor room where the bomb exploded, three days previously.

Police say the case was big enough to contain the 20 lbs of explosive used in the bomb.

Ulster killings

A lorry driver was killed in crossfire between British soldiers and Irish republican gunmen at Dungannon, 45 miles north-west of Belfast. A soldier was killed and another injured when they were ambushed while on patrol in west Belfast.

Sharpeville shooting

Police opened fire with rubber bullets and birdshot on rioters in Sharpeville, outside Johannesburg. One black man was shot dead. Police also used rubber bullets in nearby Soweto.

Durban sit-in statement

The Foreign Office issued a tough statement accusing the the three anti-apartheid dissidents sheltering in the British consulate in Durban of abusing their refuge by issuing political statements. The three had set out conditions for their departure. This was said to be unacceptable. Page 2

Iraq claims success

Iraq said its forces had inflicted heavy casualties on attacking Iranian troops about 75 miles east of Baghdad.

Iran warned Turkey against sending forces into Iraq in pursuit of Kurdish guerrillas who have been attacking Turkish troops inside Turkey.

Gulf ship attacked

Panamanian-registered Hong Kong-owned diving support ship Pacific Protector was set ablaze by an air attack in the Gulf. Two crew were killed and several injured. A U.S. navy ship helped rescue the crew. Page 2

Death penalty motion

Former Solicitor-General Sir Ian Percival MP has put down an early-day motion—a means of gauging opinion in the House of Commons—on the return of the death penalty for terrorist killers.

Jury fails to agree

A Southwark crown court jury failed to agree whether Conservative MP Dr Keith Hampson was guilty of indecently assaulting a policeman in a Soho club.

New prosecution system

Legislation to take prosecution in criminal courts away from the police and give the responsibility to lawyers is to be introduced in the next session of Parliament. Page 4

Management criticised

The problems of British industry arise from bad management not bad workers, former BL chief Sir Michael Edwardes told a Welsh CBI conference in Cardiff. Page 4

Financial Times

We apologise to readers, advertisers and distributors for a shortage of yesterday's FT, caused by production difficulties.

BUSINESS SUMMARY

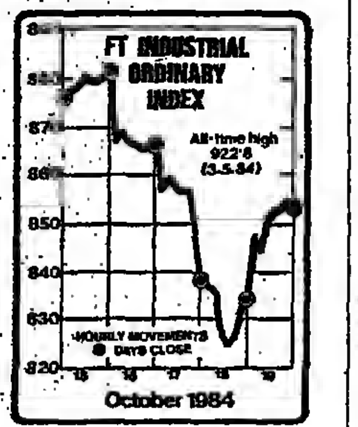
French car industry job cuts urged

FRENCH car industry will have to shed 74,000 jobs by 1988 if it is to recover from its present crisis, according to a report commissioned by the government.

It also recommends that the government advance low interest rate loans of at least FFr 6bn (£533m) to the two domestic car makers in both 1985 and 1986 to help finance their investments. Back Page

BONDS: The French government raised tax levels for private French holders of 1973 gold-indexed State bonds, provoking an outcry in the National Assembly. Back Page

EQUITIES recovered strongly on Wall Street's overnight advance and the Chancellor's interest rate assurances in his Mansion House speech. The FT



Industrial Ordinary index closed at 853.5, recovering 19 points of the 47-point fall sustained over the previous three sessions. Page 24

FORD union leaders rejected the company's opening 4 per cent pay offer. They are claiming 14 per cent and a shorter working week. Page 6

CAMTECH Developments, a subsidiary of the John Willmott building group, plans to build a £40m technology centre in Cambridge, half a mile from the city's existing science park. Page 4

METAL BOX is closing its Portsmouth plastic film factory with the loss of 350 jobs and withdrawing from the flexible packaging market. Page 3

CREUSOT-LOIRE Unions at the bankrupt French engineering group forced the Government to abandon proposals for redundancies as part of the latest rescue package for the company. Page 2

VOLKSWAGEN is exploring prospects for increasing its component and raw material purchases from the UK. Page 4

ALCOA: Aluminium Company of America, the largest U.S. aluminium producer, raised third quarter net earnings by 3.4 per cent to $60.1m (£50.4m), taking the nine months figure to $270.8m from $78m. Page 21

IRI, the Italian state industrial holding company, is close to completing the sale of San Giorgio Elettrodomestici, domestic appliance maker, in the most important disposal so far in its privatisation programme. Page 21

SPERRY, U.S. electronics and farm equipment group, boosted second quarter income from continuing operations by 244 per cent to $99.5m (£83.4m), helped by a $84m reversal of deferred income tax liabilities. Page 21

MARKETS

DOLLAR	
New York lunchtime:	
DM 3.069	
FFr 9.43	
SwFr 2.532	
Y247.1	
London:	
DM 3.072	(3.122)
FFr 9.45	(9.5525)
SwFr 2.5325	(2.5535)
Y247.35	(248.95)
Dollar Index 142.5	(143.8)
Tokyo close Y248.15	

U.S. LUNCHTIME RATES	
Fed Funds 9¾%	
3-month Treasury Bills: 9.54%	
Long Bond: 106¾	
Yield 11.76	

GOLD	
New York: Comex Oct latest $335	
London: $335.5	($340.25)

STERLING	
New York lunchtime: $1.1935	
London: $1.1925	(1.1875)
DM 3.665	(3.705)
FFr 11.25	(11.34)
SwFr 3.02	(3.03)
Y294.75	(295)
Sterling Index 74	(74.3)

LONDON MONEY	
3-month interbank:	
mid rate 10½%	(10¾)
3-month eligible bills:	
buying rate 10⅛%	(10¼)

STOCK INDICES	
FT Ind Ord 853.5	(+19)
FT-A All Share 524.83	(+1.7%)
FT-SE 100 1,111.3	(+22.4)
FT-A long gilt yield index:	
High coupon 10.54	(10.67)
New York lunchtime:	
DJ Ind Av 1,231.56	(+6.18)
Tokyo:	
Nikkei Dow 10,845.17	(+85.3)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; ...

Sterling sinks to record low on oil fears

STERLING SLUMPED to a record low against other major currencies yesterday as oil price fears and concern over the miners' strike offset the impact of a sharp weakening in the value of the dollar, writes Philip Stephens.

The sterling index, which measures its worth against 17 currencies, closed in London at 74.0, below the previous record low of 74.2 seen at the height of the sterling crisis in October 1976.

On the stock exchange, however, shares and gilts bounced back after the week's earlier heavy losses, encouraged by the overnight strength of Wall Street and the Government's reluctance to raise interest rates to defend sterling.

Sterling's fall came despite widespread losses for the dollar prompted by evidence of a slowing in the U.S. economy and the softer trend of U.S. interest rates.

The pound closed in London at $1.1925, up 0.5 cents, but sharp falls against the D-Mark and other European currencies took the index lower. Against the West German currency it ended the day at DM 3.6650, 4 pfennigs lower than on Thursday.

Foreign exchange dealers said that fears that the strike called by pit supervisors will shut down Britain's coalfields and that oil prices may decline further were still undermining sterling.

The move on Thursday by Mr Nigel Lawson, the Chancellor, to reassure the markets that the Government's

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U.S. growth rate drops, Page 2
Whitehall studies EMS link, Page 3
Money Markets, Page 23
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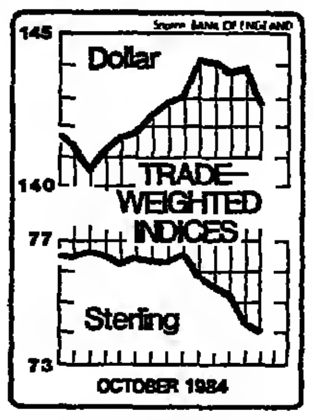

Oil prices recover on spot markets

BY DOMINIC LAWSON

OIL SPOT prices recovered on world markets yesterday as it became clear that price cuts announced by Nigeria on Thursday would not be rapidly followed by other members of the Organisation of Petroleum Exporting Countries.

Sheikh Ali Khalifa Al Sabah, Kuwait's oil minister, said Opec would take measures to defend the organisations existing price levels. He said a cut in the official $29 price of Arab light, Opec's marker crude, was out of the question.

The oil ministers of Libya and Ecuador, which are Opec members, were reported to have sent telegrams to Professor Tam David-West, the Nigerian oil minister, asking him to review his decision to cut Nigerian crude oil official prices.

The Nigerian move was made after price cuts by Britain and Norway. However, the UK merely matched Norway's $1.35 a barrel cut whereas Nigeria undercut. It reduced the price of its main crude, Bonny light, by $2 a barrel to $28.

Early fears that British National Oil Corporation would be forced to follow Nigeria down were dispelled.

When BNOC sent telexes to its suppliers on Wednesday it gave them 15 days, until November 1, to respond. Not all suppliers are likely to rely much before that date, given the uncertain state of the market, and BNOC will therefore probably delay its next move until after Opec ministers meet in Geneva on October 29.

At Geneva Opec ministers are likely to consider a cut in the overall production ceiling of 17.5m barrels a day, in a bid to keep prices firm.

Some Opec member-countries, however, such as Abu Dhabi, are expected to argue that an overhaul of the system of differentials between heavy and light crudes is necessary to end the crisis. Opec light crudes have been trading on the spot market at very large discounts to official prices, while Arab heavy crudes, even since the recent price cuts, have traded at a premium. Norway, Britain and Nigeria all produce light crudes.

Nigeria's decision to undercut the North Sea producers and thus to endanger the Opec price structure has mystified oil-industry observers. The riddle was made more complex by a speech read for Prof David-West in London yesterday. In this the Nigerian oil minister emphasised his country's "strong and unalloyed commitment to Opec . . . to foster stability in the international oil market."

On the London spot market, Brent, the North Sea marker crude, recovered from the low levels recorded on Thursday.

Early in the day, shipments of December Brent changed hands at about $26.45 a barrel. By the end of trading figures of $27 were being discussed. However, the figures were still well below the new $28.65 price proposed by BNOC.

On the New York Mercantile Exchange, West Texas Intermediate, the marker crude, showed early gains of about 15 cents a barrel.

Nigeria's gamble, Page 2

Second group quits cable TV

BY JASON CRISP AND CHARLES BATCHELOR

A SECOND major operator is pulling out of cable television.

BET is to sell its Rediffusion cable TV business, the largest in Britain, to Mr Robert Maxwell's private publishing company, Pergamon Press, for £11m.

On Thursday Visionhire, the second largest operator, announced it was withdrawing from cable television, having failed to find a buyer for its business.

The sale by BET, which is subject to Home Office approval, reflects growing disenchantment with the prospects for cable TV.

Mr Hugh Dundas, chairman of BET, said yesterday: "I believe the cable TV scene is developing in such a way that only those companies which are prepared to commit themselves to very substantial and long-term capital investment will be able to retain a viable stake in the industry."

On Thursday Visionhire blamed the Government's delay in awarding new franchises and the changes in capital allowances in this year's Budget.

Both Rediffusion and Visionhire had lobbied the Government to open up cable TV in the UK. Both had also been increasingly losing money on the old networks which relayed only BBC and ITV programmes.

Mr Maxwell has been keen to increase his involvement in cable TV for some time and has considered investing in two of the new multi-channel franchises — Clyde Cablevision in Glasgow and Merseyside Cablevision in Liverpool.

He is chairman of SelecTV, another cable operator, in which his publicly quoted company, British Printing and Communication Corporation, holds a 17 per cent stake. The loss-making SelecTV considered taking over Visionhire's cable interests.

Mr Maxwell will buy—subject to contract and Home Office approval—all BET's UK cable TV interests. This includes 53 old cable systems which have been converted to show non-broadcast programmes on four channels, as well as a new multi-channel franchise at Guildford.

He will take over 75 smaller networks which have not been converted to the new channels and still relay the BBC and ITV broadcast programmes. He will also acquire a 14 per cent holding in United Cable Programmes which owns TEN—The Movie Channel (a supplier of films to cable operators), and the Rediffusion cable TV development centre at Coombe in Surrey.

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BPCC plan allowed, Page 3

BP may bid for Johnson Matthey

BY RAY MAUGHAN

BRITISH PETROLEUM, Britain's largest oil company, may bid for Johnson Matthey, the refining and chemicals group, whose banking division collapsed last month. BP stressed yesterday, however, that it would not pursue its long-standing interest in the company unless it received detailed information about its trading and financial position in the wake of the failure and the acquisition by the Bank of England.

It disclosed that it had nonetheless bought a 3.5 per cent stake in the company in the last 10 days.

Johnson Matthey's largest and most profitable business is precious metals refining, but BP is laying more emphasis on its speciality chemicals operations—notably its work in developing car emission controls and its paints and colouring divisions.

These would give BP an instant step into a market where its own complementary ventures are still only at the research and development stage.

BP said it noted the support provided to Johnson Matthey before the failure of the banking division was made public. It had also watched with particular care the role in that support operation played by Charter Consolidated, the industrial holding company which controls almost 28 per cent of Johnson Matthey's share capital.

The form of its support allows Charter to lift its holding to 46 per cent at a price equivalent to 56p per share. Johnson Matthey's shares climbed 23p to 137p yesterday as BP disclosed its buying.

Another leading shareholder, with 5.07 per cent, is Prudential Assurance, which has helped to co-ordinate the concern shown by leading institutional investors over the terms of Charter's proposed share subscription.

Johnson Matthey's shareholders expect more information from the company in the next few days when Kleinwort Benson, the merchant bank asked by the big funds to investigate, reveals its findings. An extraordinary meeting will then be convened to sanction the terms on which Johnson Matthey received Charter's support.

The outcome depends wholly on the level of information provided by Johnson Matthey, now headed by Mr. Neil Clarke, Charter's chief executive, and what that information reveals.

Blow to miners' hopes on backing

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TALKS on the coal industry disputes edged closer yesterday, as power workers in the electricians' union delivered a telling blow to the hopes of the National Union of Mineworkers for support from other trade unions.

The Advisory, Conciliation and Arbitration Service said it would take informal soundings among all the parties concerned this weekend. Its aim will be to decide "if any useful purpose would be served by a resumption of negotiations."

Contacts between Acas, the National Coal Board and the mining unions have already taken place. While careful preparatory work by Acas means that discussions will not be resumed immediately, there is some prospect of their starting early next week before the strike called by the National Association of Colliery Overmen, Deputies and Shotfirers, representing pit deputies, is due to start on Thursday.

The Acas move was made at the ende of a day of statements from all sides. Mr James Cowan, NCB deputy chairman, said the board was willing to take part in more talks before the pit deputies went on strike.

Mr Arthur Scargill, NUM president, said his union was also willing to attend talks. In a radio interview, however, he acknowledged that he had not shifted his position since March 6, when the strikes began.

Provided the coal board withdrew its pit closure programme, kept open five pits immediately threatened, and did not judge closures on economic grounds, there was "every possibility of a negotiated settlement to this costly and damaging dispute."

The NUM's hopes of winning support, however, suffered a major setback when a ballot of members of the Electrical, Electronic, Telecommunications and Plumbing Union in the electricity supply industry showed an overwhelming majority against taking industrial action to aid the miners.

Almost 57 per cent of the EETPU's 43,227 power station members voted, with 20,042 (83.8 per cent) expressing support for the executive's recommendation not to take action and 3,864 (16.2 per cent) voting against.

Mr Eric Hammond, EETPU general secretary, said the result was so decisive that he doubted whether any workers in the power industry would now take action. He thought it unlikely that there would be early, if any, power cuts.

Mr Hammond insisted that the result did not reflect support for the Government or the NCB. It was a rejection of the NUM leadership's tactics, of their refusal to hold a ballot, of organised violence, and of attempts to use the dispute for political ends.

Mr Neil Kinnock, the Labour leader, will meet Mr Scargill, on Monday in an attempt to get talks moving again. Mr Kinnock's advisers, however, took a cautious line, emphasising

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More pits dispute news, Page 6
Man in the News, Back Page

BT shares offer abroad underwritten by Bank

By Alison Hogan

THE Bank of England will underwrite the shares of British Telecom offered for sale to overseas investors. This is the first time it has underwritten an issue in this way.

As a result the Government will save millions of pounds in fees which would usually have been paid to UK underwriters for assuming risk.

The arrangement will also help to harmonise the effects of the different regulations in the UK and the U.S. governing offers of shares to the public, allowing dealings in the shares to begin on the different stock exchanges at about the same time.

Final pricing of BT shares is likely to be fixed on November 15 when the initial underwriting will take place for the whole offer of 51 per cent of the equity. The offer is valued at about £3.5bn with a yield of about 7½ per cent.

Most of the shares on offer to UK investors will then be sub-underwritten by more than 300 investment institutions.

To try to make the UK's biggest-ever sale of share go smoothly many of these institutions will be offered part of their allotment, probably about 60 per cent, as a firm placing of shares at a fee slightly higher than that paid for their sub-underwriting.

That will leave about 40 per cent of the UK allocation to be offered for sale to be public. A full prospectus should be published on November 20 and applications for shares will be invited by November 28. The allocation of shares will then be decided with first dealings beginning a few days later.

The amount of shares to be allocated overseas, underwritten by the Bank, will finally be decided at the same time as allocation of most shares to UK investors.

The overseas offering will then be sub-underwritten by foreign syndicates in the U.S., Canada and Japan. Once the overseas allocation has been made the foreign syndicates will have first-call on their allocated shares, even if the issue is a huge success in the UK.

The making of a £200m campaign, Page 19
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Unions halt plan to cut jobs at Creusot-Loire

BY DAVID HOUSEGO

TRADES UNIONS at Creusot-Loire, the bankrupt French engineering group, yesterday established an important precedent for French industrial policy in forcing the Government to abandon proposals for redundancies as part of the latest rescue package for the company.

Workers from Creusot-Loire have in recent days blocked rail lines linking Paris with Lyon which pass close to Le Creusot in Burgundy, the heart of the group's operations. Following the announcement of an agreement between the Government and unions that provides guarantees over retraining and future jobs for those who would have been made redundant, rail traffic moved freely again yesterday.

The measures are similar to the also costly decisions taken at Renault, the vehicle maker, to avoid redundancies and hence further industrial unrest.

In all 2,600 jobs are due to go under the rescue proposals put forward by Framatome, the nuclear power company and Usinor, the state-owned steel group. The proposals involve the absorption of Creusot-Loire's energy, steel and armaments activities which currently employ about 9,800 people.

Of the 2,600 cut in the workforce, about 1,000 would have come from redundancies, under earlier proposals. After these were rejected by the unions, those who have been made redundant were subsequently offered a 10-month retraining programme. In addition they have now been offered "employment of indeterminate length" once the retraining programmes come to an end—though Usinor and Framtone are specifically exempted from paying for this.

It was the unions' fear that the retraining programmes provided no guarantee of a job afterwards that prompted this week's demonstration and the blocking of the rail lines.

The other cuts in the labour force are mainly being obtained through early retirement.

Kohl rejects alleged link to Flick affair

BY JAMES BUCHAN IN BONN

THE FUTURE of Herr Rainer Barzel as speaker of the West German parliament looked ever bleaker yesterday amid fears from within his own Christian Democrat (CDU) party that be risks dragging even Chancellor Helmut Kohl into the slow but deadly coils of the so-called "Flick Affair."

The Chancellor yesterday rejected as "libel" allegations made in the house by a Green deputy on Thursday that payments from the Flick concern had persuaded Herr Barzel to make way for him at the head of the CDU in 1973.

Herr Barzel, who said yesterday he would not preside over any sitting of the house affecting the affair, must next Wednesday go before the parliamentary committee of inquiry investigating possible illegal influence on politicians by the Flick group of companies in its securing exemptions on capital gains of over DM 800m (£225m) in the late 1970s.

Herr Barzel will be asked to explain whether there is any connection between the DM 1.7m he received between 1973 and 1979 from an obscure Frankfurt legal practice and similar sums paid to the firm by Flick. Herr Barzel chaired the Bundestag Economics Committee from 1976 to 1979. The affair has already caused one minister, Count Otto Lambsdorff to resign while he fights charges.

Herr Kohl must give evidence before the committee of inquiry on November 7.

In an unprecedented procedure, the Bundestag yesterday morning rejected appeals by two Green deputies against their suspension. Herr Juergen Reents was suspended for five sitting days for claiming that Herr Kohl's "way to the top of party and parliamentary party was, as we now hear, bought by Flick."

In the tumult that followed, Herr Joschka Fischer, another Green deputy, was ordered out of the assembly and later suspended for two days sittings after he had insulted Herr Barzel's deputy, Herr Richard Stuecklen.

Arrest of Italian general may revive 1981 scandal

BY JAMES BUXTON IN ROME

POLICE in Rome yesterday arrested the former deputy head of Italy's military secret service, the SISMI.

His arrest is likely to revive a scandal which is potentially highly damaging to the Christian Democrat party and thus to Sig Bettino Craxi's coalition government.

Though the charges against Gen Pietro Musumeci were not spelt out yesterday, they are believed to concern his role in negotiations for the release of Sig Ciro Cirillo, a Christian Democrat politician who was kidnapped by Red Brigade terrorists in Naples in 1981.

A parliamentary inquiry found evidence that the SISMI negotiated the release of Sig Cirillo through the Camorra, the Neapolitan version of the Mafia. It also found that Gen Musumeci was part of a highly irregular "parallel" organisation inside the SISMI which was in close contact with the P2 masonic lodge.

The P2 masonic lodge, of which Gen Musumeci was a registered member, was a secret network of prominent members in almost all branches of Italian official and business life. It was officially dissolved in 1981.

Its venerable master, Sig Licio Gelli, who is on the run abroad, is currently trying to persuade the Italian authorities to grant him favourable conditions in return for his coming back to Italy to stand trial for a wide variety of offences.

Austrian budget fails to reduce tax on interest

BY PATRICK BLUM IN VIENNA

DR FRANZ VRANITZKY, the new Austrian Finance Minister, yesterday presented a budget for 1985 which will disappoint those who had hoped for further measure to encourage the Austrian capital market.

His proposals contained no follow-up to the decision, already announced, to reduce from 7.5 per cent to 5 per cent the flat rate tax levied on bank interest and interest paid on securities.

The economic assumptions underlying the budget include a real growth rate next year of 3 per cent, 0.5 points better than expected for 1984. Unemployment is expected to average 4.4 per cent and inflation to fall from about 5.5 per cent this year to between 4 and 4.5 per cent.

The proposals follow closely previous budgets in seeking modest steps to curtail the rapidly growing budget deficit without taking radical measures that could endanger the established social and political consensus.

Government income is expected to be Sch 463bn (£17.5bn) and expenditure Sch 369bn resulting in a gross budget deficit of Sch 94bn. This is only slightly less than the Sch 94.4bn gross deficit expected for this year. It will mean a net deficit of Sch 60bn for 1985, representing about 4.4 per cent of the gross domestic product, a small reduction on the 4.8 per cent expected for this year.

Swedish pay talks start

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S 1985 pay round got under way in earnest yesterday as the employers' federation rejected demands by the trades union council for real wage increases coupled with new benefits but agreed to continue discussions aimed atreaching a formula to hold costs down to new benefits — coupled with costs carried over from this year's agreements — imply an unacceptable 9.4 per cent rise in wage costs for 1985 before counting their demand for a 1 to 2 per cent central pay increase.

There is uncertainty over the future of Sweden's centralised

Growth rate in U.S. drops to 2.7%

By Stewart Fleming in Washington

REAL GROWTH in the U.S. economy dropped to an annual rate of 2.7 per cent in the third quarter, a much sharper slowdown than expected and one which will allow presidential challenger Mr Walter Mondale to renew his claim that the long-term outlook for the U.S. economy is not as rosy as President Reagan maintains.

Moving promptly to counter the political danger inherent in the GNP data, Mr Malcolm Baldrige, commerce department secretary, yesterday said that in spite of the slowdown the current cyclical upswing "is the strongest since the 1951 recovery."

He claimed the summer pause in growth was already over.

He predicted that in the current fourth quarter real growth would revive to about 4 per cent and pointed out that already consumer spending, which accounts for around two-thirds of total U.S. GNP, is reviving.

The third quarter GNP figure has come as a surprise because last month the Commerce Department's initial "flash" estimate predicted that real GNP would rise 3.6 per cent in the July to September period, rather than the 2.7 per cent announced yesterday. This compares with the 7.1 per cent real growth in the second quarter and 10.7 per cent in the first quarter.

The downward revision of the GNP figure yesterday was accompanied by a slight upward revision in the inflation estimate which is now seen to have increased to 3.6 per cent in the third quarter rather than the 2.9 per cent projected last month.

Mr Baldrige said that weaker-than-anticipated consumer spending and a sharper-than-expected deterioration in the U.S. trade balance helped to account for the difference between the September "flash" GNP estimate and yesterday's preliminary figures. But some private economists said the slight acceleration in the pace of inflation was the principal factor accounting for the change.

The detailed figures for the quarter show that the summer stagnation in consumer spending was the major factor behind the slowdown as personal consumption spending increased at an annual rate of only $400m compared with a rise of $20bn in the second quarter.

Argentina to seek $5.45bn in bank loans

By Peter Montagnon

A STATEMENT by Sr Bernardo Grinspun, Argentina's Economy Minister, that his country would seek a $5.45bn (£4.6bn) credit from international bank lenders has been greeted with caution by leading creditors in New York.

Sr Grinspun disclosed the figure in the course of an interview with the Argentine news agency Telam on rescheduling talks between Argentina and top international bank creditors that moved into their third day in New York yesterday.

But bankers attending the talks sai dno final figure had yet been set on the amount of new money Argentina will seek to accompany its planned rescheduling of $10bn in public sector debt and $7bn in private sector loans.

Such a high figure as that mentioned by the Minister would certainly be rejected by bank creditors, they said. Banks still expect a loan of between $3bn and $5bn to emerge eventually and stress that even this smaller amount will be very difficult to raise from the market.

The minister's figure appears to relate to the country's gross borrowing needs some of which are due to be met from other sources such as government loans. Part of whatever credit is raised from commercial banks will also be used to repay debt service arrears and temporary bridging finance arranged last year, they said.

The rescheduling talks between Sr Enrique Garcia Vazquez, Argentina's central bank Governor, and the committee of top banks chaired by Citibank were due to go into recess for about a week last night. This will allow time for a more detailed appraisal of Argentina's needs.

A speedy conclusion is not expected, however, and the negotiations are now considered likely to drag on well into November.

Sr Grinspun told the news agency Argentina was also proposing a 14-year rescheduling—the same maturity as that recently agreed for Mexico.

Chinese telephones

China plans to spend yuan 10bn (£3.2bn) on modernising its telecommunications system over the next six years, the official China Daily newspaper said, *Reuter reports from Peking.* It corrected the figure it pub-

Patti Waldmeir assesses Nigeria's attempt to boost oil revenues

Lagos pins its fortunes on price cut

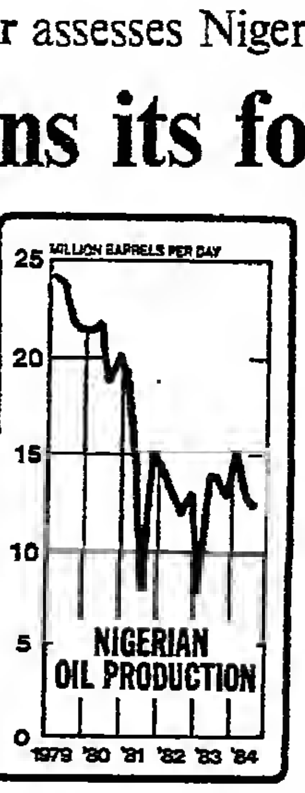
FOR THE second time in 18 months, Nigeria has broken ranks with its Opec partners and precipitated a world oil price crisis.

With by far the largest population in Opec, a crippling dependence on oil for both foreign exchange and government revenues and the most perilous finances of any of the cartel's members, bankers and oil economists believe Nigeria could hardly have done otherwise.

Earnings from oil, which provide an overwhelming 95 per cent of foreign exchange revenues, have more than halved in the past four years, plummeting from about $22bn (£18.3bn) in 1980 to just over $10bn last year.

Forecasts of a significant recovery in earnings to near $12bn this year were beginning to look optimistic after oil production fell to about 1.1m barrels per day in July and August from an average of 1.3m (Nigeria's Opec quota) in the second quarter of this year and a 1.5m b/d average in the first quarter.

After arguing successfully for a "hardship" increase in its Opec quota at the cartel's July ministerial meeting in Vienna—winning an increase of 100,000 barrels per day for August and 150,000 for September—Nigeria was prevented from drawing in the extra revenue it sought by a slack market which depressed sales.



Production in August fell about 200,000 barrels short of the new higher quota. Not before the end of September—when the quota increases were due to expire—did output finally approach the higher ceiling.

Oil industry officials believe Nigeria was determined to weather this period of slack demand without offering unofficial discounts to stimulate sales.

But when the first two dominoes in the oil pricing chain—Norway and Britain—succumbed to market forces earlier this week, Nigeria could not hold out on its own.

There was a limit to the sacrifices Nigeria could be expected to bear for the sake of Opec solidarity, Mr Tam David-West, Nigeria's Oil Minister, said on Thursday.

What surprised industry observers was the precipitate nature of the Nigerian reaction, which contrasted sharply with the irresolution shown by former President Shehu Sbagari when faced with a pricing crisis.

Scarcely more than 24 hours after BNOC announced a £1.35 per barrel cut in most of its oil prices, Nigeria's new military leaders, anxious to please public opinion with swift and firm action, decided to go one better and slash prices by $2.

Industry analysts are now questioning Nigeria's motives in pricing its premium crude, Bonny light, at $28 while comparable North Sea crudes are to be set at $28.65, and while Bonny light had recently been trading above the $28 per barrel level on the spot market.

It is of course possible that reductions will stimulate sales to a point where increased volume balances the per-barrel loss in revenue.

And Nigeria's decision to narrow the gap between the prices of its premium Bonny light ($28) and the heavier Bonny medium (now $27) should help sales of the lighter crude which have been flagging in recent months.

But analysts say it is far too early to estimate the overall impact of price cuts on oil revenues. Until BNOC decides whether to take up Nigeria's challenge and match or better the cuts, potential buyers are likely to hold off to see where the oil spiral will end.

What is clear is that Nigeria cannot afford to overprice its oil. Nigerians remember the impact of excessively high prices in early 1983, when production fell briefly to as little as 400,000 b/d.

According to one analyst: "They're rather like the Germans and inflation. They remember the sufferings of overpricing their crude. And they're determined not to fall into that trap again."

Nigeria simply cannot afford not to sell its oil. It remains to be seen how far the country's military rulers are prepared to go to guarantee sales, and whether Thursday's price cuts could herald just the beginning of a drawn out pricing battle with the North Sea.

Lack of foreign exchange has already forced the country to trim imports to the bone, and industry is working below capacity as a result.

Unless the country's gamble works, and oil revenues are at least maintained if not boosted, shortages of everything from food to raw materials could become critical.

UK hints Durban three may be expelled

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE BRITISH Government intimated yesterday that it might finally be forced to expel the three anti-apartheid fugitives who have taken refuge in the British consulate in Durban after the three had made what are considered in London to be unacceptable demands.

The Government's attitude which so far has been that it would not require the fugitives to leave against their will, has hardened after their statement calling upon Britain to stop treating them as unwelcome guests.

They also urged Britain to its verbal coodemnation of apartheid into "powerful and effective action."

Already highly embarrassed because of the deterioration in Anglo-South African relations which the incident has caused, the British Government now finds itself being criticised by the fugitives themselves, as well as coming under sharp attack by South Africa.

Lord Trefgarne, the Foreign Office spokesman in the House of Lords, said yesterday that "the statement by the three is a further abuse of our premises. We take a grave view of it and are urgently considering its implications."

"The Government cannot countenance any demands from the three, nor can we accept any conditions for their departure," he added. The problems created by the sit-in were immense and were increasing and the Government had therefore strongly urged the three to leave voluntarily.

A statement on the same lines issued by the Foreign Office made clear that, after the clandestine television interview which the fugitives had given on October 7, it had sought an assurance that there would be no repetition of such incidents. But such an assurance had not been forthcoming.

The fugitives appear to have stiffened their stand since they were visited a few days ago by Mr Donald Anderson, the Labour Patry spokesman on southern African affairs, who returned to Britain on Thursday.

The embarrassment of the British Government was exploited yesterday by Dr Denis Worrall, the South African ambassador in London, who said that the British consulate in Durban was being used as a base to launch a campaign agains his government. Speaking on a BBC radio programme, Dr Worrall said that permitting the fugitives to stay in the consulate was illegal.

Two killed in attack on Gulf ship

BY OUR MIDDLE EAST STAFF

TWO CREWMEN were killed and others injured yesterday when an aircraft, believed to be Iranian, attacked and seriously damaged a diving support ship in the Gulf.

The attack on the 1,538 ton Pacific Protector took place east of Qatar and close to Iranian territorial waters. A U.S. Navy ship assisted in the rescue of the crew. The vessel, owned by Swire Ships of Hong Kong, was reported by the crew of a passing tanker to be in danger of sinking.

Over 50 ships have been attacked in the Gulf this year since Iraq intensified its efforts to impose a blockade of Kharg Island, Iran's main oil export terminal.

In the land war, Iraq claimed yesterday to be mopping up the remnants of an Iranian force which on Wednesday launched a three-pronged border attack east of Baghdad. Iraqi commanders said the battlefield was littered by thousands of Iranian dead and wounded.

Baghdad radio quoted military sources as saying that Wednesday's attack was a diversion aimed at distracting attention from the southern front where it was expected the main Iranian offensive would come.

Iran claimed that its attack had been successful and had liberated 50 square kilometres of Iraqi-held territory.

Mr Tariq Aziz, Iraq's Foreign Minister, met Soviet leaders in Moscow yesterday for discussions on the Gulf war. The Soviet Union has substantially increased its military supplies to Iraq during the past 18 months.

Malaysia cuts spending on development

By Chris Sherwell in Kuala Lumpur

A FOURTH successive year of reduced development spending in Malaysia is to be accompanied by unexpected cuts in personal income taxes under the government's 1985 budget presented to parliament in Kuala Lumpur yesterday.

Mr Daim Zainuddin, the millionaire businessman appointed Finance Minister only three months ago, promised that his first budget would further consolidate public sector finances, strengthen the balance of payments and help the private sector.

Malaysia, an oil and gas producer and a major world exporter of tin, rubber, palmoil and timber, has had to revise its ambitious government spending plans since 1981, when it first became clear that its counter-cyclical strategy would not bear the longer-than-expected western recession.

Yesterday's measures pave the way for a further narrowing of the overall public sector deficit from an expected M$6.8bn in calendar 1984 to a forecast M$5bn next year and a reduction in the current account deficit on the balance of payments from an anticipated M$5.2bn this year to M$4.9bn (£2.4bn) in 1985.

Thatcher-Craxi pledge on EEC

BY OUR DIPLOMATIC CORRESPONDENT

MRS MARGARET THATCHER, the Prime Minister, and Sig Bettino Craxi, her Italian opposite number, yesterday gave a joint assurance that the negotiations for the entry of Spain and Portugal into the European Community should be concluded as soon as possible.

At a Press conference following a two-day Anglo-Italian summit meeting in London, Mrs Thatcher said that while there were still a number of big obstacles to the way of an agreement, particularly what arrangements should be made for wine and fish, both Britain and Italy were still aiming to conclude the negotiations by the target date of December 30 this year.

Sig Craxi fully agreed with this statement and dismissed the generally-held view that Italy's concern to preserve its market for its Mediterranean produce was one of the main stumbling blocks to an agreement on the enlargement of the Community.

Mrs Thatcher also stressed that both countries considered that spending on agriculture made up too large a proportion of Community expenditure and that much more attention should be devoted to technological co-operation and the abolition of the remaining non-tariff trade barriers.

The Italian Prime Minister made clear that these were among the subjects on which his governmeot boped to make progress when Italy takes over the presidency of the Community in January 1985.

Thorn urges 'peace talks' on budget finance

BY QUENTIN PEEL IN STRASBOURG

M GASTON THORN, President of the European Commission, has called for a "peace conference" between the beads of the three principal institutions of the European Community, to defuse the conflicts between them over financing the EEC budget.

The move would hring together M Thorn, Mr Peter Barry, the Irisb Foreign Minister who is currently president of the Council of Ministers, and M Pierre Pflimlin, the president of the European Parliament. All three have agreed in

It comes as the Parliament is preparing for a renewed confrontation next week with the Council of Ministers over the proposed supplementary budget drawn up to finance EEC spending for te rest of the year, with a further clash expected in November over the full draft budget for 1985.

The supplementary budget for 1984 has to be approved at the parliamentary aession in Strasbourg if Community finances are not to run out early in November, leaving member states to finaonce the Common Agricultural Policy from their national budgets.

The budget committee of parliament is nonetheless calling for substantial changes, which would require member statas to provide a further Ecu 473m (£279m) this year.

Those amendments are likely to be approved by the full parliament on Tuesday, but rejected by the member atates' budget council when its meets in Strasbourg on Wednesday.

Tugendhat call to liberalise financial services

BY PAUL CHEESERIGHT IN BRUSSELS

THE VICE-PRESIDENT of the European Commision, Mr Christopber Tugendhat, has sought to give a new impulse to the laggardly negotiations on liberalising the EEC market in financial services hy redefining the problams involved.

In a speech yesterday in Trieste, putting forward the Commision's latest thinking on the issue, he sought to differentiate between the provision of a service and the movement of money which might be associated with it.

"The commonest obstacles which hamper the free exchange of financial services

His way round the obstacles is to treat services like gods, albeit invisible ooes. In this case it becomes posible to seek service liberalisation along the same lines as that achieved for goods aod sanctified in European Court of Justice judgments.

The key judgment holds that goods produced in one memebr state according to the applicable standards should in principle be admitted to other states.

The only limitations on this freedom relate to requirements designed to protect health, prerestrictive controls cannot be made out, we must insist on the principle that the freedom to provide services overrides national control requirements," Mr Tugendhat said.

That sort of approach is welcome to the British Government which is at one with the Commission in seeking services liberalisation as provided for by the Treaty of Rome, which set up the EEC.

Sir Geoffrey Howe, the Foreign Secretary, returned to the theme of creating a genuine common market in services during a major speech in West Germany earlier this week.

Commission and individual cases concerned specifically with the insurance sector. Judgments on these cases could establish precedents for other parts of the services sector.

However, the fact that cases are before the court is seen by diplomats as a deterrent to movement in tha very negotiations—on the insurance sector—which both the British Covernment and the Commission are anxious to spur.

Both the court cases and the negotiations revolve on reconciling national regulatory

Book plots Mitterrand's twists, turns

WHEN the 30-year-old Francois Mitterrand was looking for a parliamentary seat just after the war, he found a patron in the wealthy Marquis de Ronalle, then head of Olida, the food processing group.

"My father was looking for a right-wing candidate" for the Nievre, recalls the Marquis's son in a new biography of President Mitterrand which has just been published and is expected to climb high in the French best-seller list. "He got in contact with a young man, a Catholic of suitable views called Francois Mitterrand. . . . He was for us the ideal candidate."

In a letter to electors, M Mitterrand said he was against "deficits and inflation," against "bureaucrat muddle" and against "hasty and costly nationalisations which add to taxes."

The publication of a biography of the French President, on the eve of his visit to Britain, will provide ammunition for the opposition, writes David Housego

He also said he was against "giving the Communists a place in the government" and in favour of "maintaining religious peace in an atmosphere cleansed of sectarian prejudices."

Mme Catherine Nay, a journalist with Europe 1, the independent French radio station, says she wrote the study "to find out more about the man who would be ruling us for seven years."

It is a question which will be in the minds of many who see the President during his State visit to London next week.

The study is not intended as a polemic against M Mitterrand. But in tracing the about-turns and contradictions of his political career, it provides much ammunition for the opposition which is now hounding the President in advance of the 1986 parliamentary elections.

Mme Nay shows that on countless issues M Mitterrand has held two opposing points of view with equal fervour.

He was bitterly anti-Communist but brought the Communists into the government. He opposed the dictatorial powers of the 5th Republic but then successfully made use of them. He described Nasser's nationalisation of the Suez Canal in 1956 as comparable to "Nazi Germany's seizure of Czechoslovakia" but has been a champion of the Third World freedoms. He was Minister of Justice when the French military were given full powers in Algeria to crush the independence movement but has been a defender of human rights.

The distrust in which he was held prevented him from gaining the premiership under the Fourth Republic. M Rene Pleven, a former prime minister, quoted by Mme Nay, says of him: "Mitterrand was not a man with whom you would go on a tiger shoot alone."

On the other hand, even while in the political wilderness he maintained a devoted band of friends.

When asked once how he pronounced his name, he said: "Mitterrand like Talleyrand" (Napoleon's famous foreign minister), leaving no doubt of the scale of his ambitions.

The determining factor in his political career was probably his personal hostility to de Gaulle. De Gaulle snubbed him during the war when Mitterrand was a spokesman for the Resistance group based around French prisoners of war.

The enmity then created inevitably made Mitterrand a fierce opponent of the Fifth Republic de Gaulle established in 1958. His strategic triumph was to realise that if the left could be united, they could one day topple the right in a battle for the presidency.

The French right is now seeking its vengeance on M Mitterrand.

Le Noir et le Rouge ou l'histoire d'une ambition by Catherine Nay (Grasset).

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Whitehall studies sterling link with EEC currencies

BY PETER RIDDELL AND MAX WILKINSON

A LINKING of sterling with other EEC currencies in the European Monetary System is being reconsidered in Whitehall, but a decision to join seems unlikely until the oil market and the dollar have stabilised.

Pressure to re-open the issue has come from both the Bank of England and the Foreign Office, but as before, the Prime Minister and the Treasury have yet to be persuaded.

A significant development has been that Sir Geoffrey Howe, the Foreign Secretary, takes a more sympathetic view about joining the EMS's exchange rate mechanism than when he was Chancellor.

The Treasury has also been taking a fresh look at the issue in the light of the substantial exchange rate changes in the last year.

However, the Treasury's conclusion from its recent studies is that the major exchange rate problem at present is the excessive value of the dollar against allo ther currencies. It does not believe that bringing sterling into the EMS exchange rate mechanism would do anything to solve this.

The main arguments in favour of reopeningt he question are that followingt he recent fall in sterling against other currencies, membership of EMS offers the hope of greater stability to reinforce the counter-inflation drive.

Moreover, the narrowing of differences between inflation rates in the major EEC economies means that sterling might face less pressure than before.

Until the recent turbulence in financial markets one option bad been for sterling to join the EMS exchange rate mechanism later this year, possibly after the U.S. elections early next month.

This looks much less likely in view of the renewed strength of the dollar and the oil price fall which have weakened sterling, particularly against the D-mark, the key EMS currency. Hence a decision will probably be delayed until the markets settle down.

The continued scepticism of Mr Nigel Lawson, the Chancellor, about EMS membership was underlined on Thursday in his Mansion House speech when he reaffirmed the primacy of domestic monetary targets over the exchange rate and financial indicators.

Mr Lawson has been a vigorous defender of the virtues of a free currency market and believes that adherence to an exchange rate target would sooner or later come into conflict with the monetary policies which are determined by the Government's Medium-Term Financial Strategy.

Mr Lawson's views were set out in a letter to Dr David Owen, leader of the Social mocratic Party, which was made public yesterday.

In the letter, Mr Lawson said that membership of the exchange rate mechanism would give sterling no immunity from the uneven effects of the dollar's strength on other currencies.

Wimpy to buy Grand Met fast food chain

WIMPY INTERNATIONAL, operators of one of the largest fast-food chains, yesterday said it is to buy Grand Metropolitan's fast-food outlets called Huckleberry's.

Huckleberry's, opened in 1979, has 17 outlets, mainly in the South-East. Wimpy has about 67 fast-food restaurants.

No details of the price to be paid by Wimpy, a United Biscuits subsidiary, were disclosed. The acquisition was agreed in principle and is due for completion in next month. Wimpy is to convert its new outlets to its own trading style and colours.

Mr Ian Petrie, managing director of Wimpy International, said it was difficult to obtain good sites in South-East England. The acquisition would strengthen Wimpy's base there and give impetus for overall development across the country, reinforcing the company's leading position in the fast-food market.

Mr Eric Walters, chief executive of Grand Metropolitan Retailing and chairman of Huckleberry's, said the business was competitive.

He said: "It is all to do with sites. To be a big, long-term player one has to have 50 or more sites but after five years we had only 17."

Scepticism greets Defence Ministry reforms

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

SAVINGS IN jobs to be achieved by the recent reorganisation of the Ministry of Defence are so small that they will take until the early 1990s to pay for a single Challenger tank, the House of Commons Defence Committee notes in a special report on the reorganisation published yesterday.

The committee gives only a cautious welcome to the reforms announced in Parliament last July by Mr Michael Heseltine, the Defence Secretary.

Its comments on the detailed measures are laced with scepticism, though it notes that it is too early to pass a considered judgment — the reorganisation itself, the subject of a White Paper submitted to Parliament in July, does not come into effect until January.

The committee notes the lengthy history of attempts to reform the Defence Ministry and concludes that the present proposals go much further than any so far towards strengthening its central organisation and reducing the independence of the individual services.

The effect of the reform could simply be to make the planning process more efficient," something which would be welcome "if it results in more defence for the money."

However, the report suggests that in certain key respects the vagaries of the planning process which had led to defence reviews and defence cuts in the past have not been tackled by the measures.

"As the process of matching commitments and resources gets harder, there will inevitably be suspicion in some quarters that the centralised organisation of the ministry is designed to make this a less painful process by diluting dissent and criticism and making it less influential."

The report notes that the creation of a single unified defence staff is by far the most controversial element of the proposals. Even though senior officers did not know about, or contribute to, the plan, the committee does not believe it will result in a preponderance of civilian advice over the military within the ministry.

However, if the effect were "to stifle diversity of view and make informed dissent by the Service chiefs impossible it would be open to severe criticism."

The committee cnocludes that organisational changes should not be looked at in a "purely mechanistic way." It says that the previous structure of the ministry had depended "on the ability and common sense of military and civilian staff to make the best of an imperfect organisation: this will be just as important in the future."

Ministry of Defence Reorganisation. 3rd report of the House of Commons Defence Committee. HMSO £7.95.

'Fewer' Post Office cuts

BY JASON CRISP

THE Post Office is expected to announce on Monday that it will close 28 main post offices in the London area, fewer than had been expected.

The move is part of the Post Office's plan announced earlier this year to cut about 1,000 main and su bpost offices in urban areas throughout the country.

The total number of main post offices expected to be cut is 70—50 through closure and 20 by "regrading." Currently there are 1,556 main, or "crown," post offices and just over 20,000 sub offices.

The Union of Communication Workers has been strongly opposed to the proposals.

Mr Tony Richards, a London regional official of the UCW, said yesterday: "It will cause dire consequences for business and commerce in the City of London.

The Post Office has announced that there will be no closures until the dispute among computer staff at the Social Security Department is ended. This is causing considerable delays at counters during processing of pension and child allowance payments.

BPCC site plan allowed

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

MR ROBERT MAXWELL's British Printing and Communication Corporation has won its fight with Watford Council to redevelop the former Odbams printing works in the town.

BPCC plans to establish an industrial site with a hypermarket complex on the 18-acre site were tuned down by the council because it feared that a large, out-of-town shopping centre would have a serious impact on trade in Watford's centre.

The company appealed to the Environment Department and was told yesterday that the council's refusal had been overturned. A spokesman for Watford council said it was "very disappointed" at the decision.

The site became vacant after BPCC took over the Odhams operation and moved it to the nearby Sun Printers plant.

BPCC said last night that talks about an early start to construction would be held with parties likely to be involved in the development

● Mr Maxwell has announced that his Financial Weekly is to change from its present tabloid format into a full-colour magazine in February.

Metal Box to close plastic film factory

By Ian Rodger

METAL BOX is closing its plastic film factory at Portsmouth with the loss of 330 jobs and withdrawing from the flexible-packaging market.

The factory is the company's only flexible-packaging production unit. It has suffered heavy and rising losses in the past three years. In 1982-83 it lost £1.1m. Losses are running at £200,000 a month.

The UK plastic film sector, with sales of about £350m a year, is highly fragmented. Metal Box though a significant supplier had a small share only. There is overcapacity and imports from lower-cost producers in continental Europe account for about a quarter of the market.

Metal Box said it would continue to watch the sector after withdrawal.

BCal fare package

BRITISH CALEDONIAN is to offer what it claims are the lowest bookable return fare between London and Scotland in a new package of fares effective from November 1.

These will be "Weekender" advance purchase excursion fares between London and Glasgow and London and Edinburgh of £62.

Major economic crisis looms, Hattersley says

BY JOHN HUNT

MR ROY HATTERSLEY, Labour's Shadow Chancellor, said yesterday that Britain was heading for a major economic crisis unless the Government heeded the warning of sterling's rapid fall and changed its policies. Mr Hattersley was speaking in a BBC radio interview.

In a speech later last night, he condemned the Chancellor's Mansion House speech as "ludicrously complacent."

And Mr Neil Kinnock, the Labour leader, last night called for an American-style reflation as a start to solving Britain's unemployment problems.

When the Commons resumes next week, Labour will bring behind the scenes pressure on the Government for a statement on sterling, although the Opposition is wary about making public moves which could worsen the situation.

Mr Hattersley said that the Chancellor's speech was made against a background of record unemployment, stagnant national income, falling industrial output and an increased tax bill. Despite this, Mr Lawson promised no change of policy.

Mr Kinnock, speaking in Cardiff, said the vitality of the U.S. economy bad been initiated by Government spending and borrowing. "If we are to renovate our economy we have to generate expansion in much the same way," he said.

Mr Kinnock argued that Government commitment to construction, communication, manufacturing and new technology could give the impetus needed for growth in the public and private sectors.

He also wanted to see low rates of interest for commercial investment, as in the U.S. and Japan, an dthe provision of expertise in design, marketing and training which could be rented by small businesses on a temporary basis. Policies like this would help Britain "produce and sell its way out of slump."

Mr Alan Beith, Liberal chief whip, called on the Government to renew national assets such as transport, communication and housing instead of paying the would-be idle.

Crack in tour price line-up

BY LISA WOOD

A CRACK has appeared in the near-uniform action of major tour operators who have put up prices significantly for next summer.

Enterprise Holidays, the tour arm of British Airways and one of the top five operators in the UK, is to launch an advance brochure for the summer with prices which, it claims, are on average a third less than those of its rivals.

Mr Terry Grew, director of British Airways Holidays, said yesterday: "I think our competitors have taken their prices up too high and having compared many hotels on a like-for-like basis with Thomson, Horizon and Intasun we have found that the majority of our prices are lower."

Recently major operators such as Thomson and Horizon have announced overall average brochure increases of between 10 and 20 per cent.

Mr Grew said that bookings for summer 1985 had been generally slow because of the high price increases. He hoped the Enterprise brochure, which incorporates Sovereign Holidays, would give people the confidence to book early.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Williams & Glyn's	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25% 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.

UK NEWS

Security tighter than ever as Motor Show is opened

BY JOHN GRIFFITHS

PRINCE MICHAEL of Kent will open the International Motor Show at Birmingham's National Exhibition Centre today amid tighter security than for any previous show.

Attendances on the three trade days which preceded the opening of the show to the public have been running far ahead of 1981 levels. The Society of Motor Manufacturers and Traders is optimistic that total attendances will comfortably exceed the 650,000 level achieved two years ago.

The record attendance was set at the first Birmingham show in 1978, when 913,000 paying visitors attended. However, the SMMT will be well pleased with an attendance of about 750,000 — regarded as a "comfortable" level for visitors paying £2 to £2.50 each to tour the 106,000 sq metres of stands.

SMMT officials yesterday expressed themselves well pleased with the course of the show so far, and with the pressure of an exceptionally high number of trade visitors from overseas.

For the first time, the show has adopted a theme—Take a Trip into Tomorrow — which places emphasis on advanced technology in the motor industry.

The theme has been supported enthusiastically, with "concept" cars incorporating technology which may appear in cars in the late 1980s and 1990s. These have formed the centrepiece of several manufacturers' stands, in particular Nissan and Toyota.

The show, which has cost about £3.4m to mount, is expected to clear about £1m.

The show has inevitably attracted interest from pressure groups, among them the Campaign for the Defence of the Motor Industry, which has fought government attempts to reduce the tax benefits of company cars.

Mr Gordon Lee, a mentor of the group, is distributing thousands of leaflets at the show aimed at encouraging British motorists to support the UK car industry.

Also active have been Friends of the Earth, the environmentalist group, whose campaign, Why we have to control the car, has been timed to coincide with the show.

Management blamed for industry's problems

By Robin Reeves

BRITISH INDUSTRY'S problems arose largely from bad management, not bad workers, Sir Michael Edwardes, the former BL chief, said in Cardiff yesterday.

Chairing a Wales Confederation of British Industry conference on improving company profitability, he said he had found 98 per cent of trade unionists were perfectly reasonable. There were at least as many difficult managers as union officials.

Most problems arose because managements did not have the courage to act on the findings of their management-information systems until it was too late.

"It is not workers, nor government, but straight bad management. And that is why we have got so much unemployment in this country," he said.

On the other hand, if industry could recover just 1 per cent of its share of world trade this would create 250,000 jobs. A recovery of 1 per cent of the UK market currently lost to imported goods would create 80,000 jobs.

Mr Tony McBurnie, the new director-general of the Institute of Marketing, told the conference most British companies were operating in the dark.

They had never done any formal market research, they did not know what influenced their customers to buy, what their competition was doing or even which particular segment of the market they were aiming for.

Many company managements now needed to be shamed and coerced into boosting their marketing effort, to take profitable advantage of the advance in the manufacturing performance they had achieved over the past five years, he said.

Developer seeks consent to build £40m hi-tech centre in Cambridge

BY PETER MARSH

CAMTECH DEVELOPMENTS, a subsidiary of the John Willmott building group, yesterday unveiled plans to build a £40m technology centre in Cambridge half a mile from the city's highly successful science park.

If the company gets planning permission, building work could start in 1986. Mr John Ward, a director of Camtech, said the 55 acre development could house a mixture of large and small companies, all in commercial areas associated with technologies such as robotics, electronics and biochemistry.

"We have made this application because of the huge demand in the Cambridge area for accommodation for high technology industries," said Mr Ward.

Camtech has submitted plans for the development on privately-owned farm land on the northern outskirts of the city, to South Cambridgeshire district council. Mr Ward admitted that planning permission will not be easy to get because the land is designated green belt.

A planning inquiry into the designation of the land is to be held in January. Camtech will be among the groups arguing that development in this part of Cambridgeshire should be permitted.

The site of the proposed technology centre is close to the village of Histon, near the science park where about 40 technology-orientated companies have settled. This development, set up in the early 1970s on about 100 acres owned by Trinity College, has been one of Britain's most successful science parks.

The Cambridge area has seen significant growth in new technology-based companies. Dr Nick Segal, a planning consultant in the city, estimates the area contains about 300 such enterprises, many of them set up in the past five years either by people leaving established companies or by researchers associated with Cambridge University.

New, high-technology companies are forming in Cambridge at the rate of two or three a month, he says.

In recent months, two other Property companies have unveiled plans to develop buildings in Cambridge specifically for small, technology-based concerns. Chinnestone plans a £2m development on the existing science park, aimed at newly started technology companies.

In a £12m scheme, JT Design Build is to provide work spaces for up to 75 such enterprises on land near the city centre. Some of the units are to include living accommodation so that high technology researchers do not have to leave the laboratory to go home at the end of a working day.

ICFC, the small-firms subsidiary of the 31 banking group, recently opened a set of "nursery units" in Cambridge for small high-tech companies. The units house 13 companies and the demand was such that ICFC estimates it could have let the development twice over.

Drug makers 'should be informative and open'

By Lisa Wood

THE GENERAL public wants and expects more information and openness from the pharmaceuticals industry, according to a survey issued yesterday by the Association of the British Pharmaceuticals Industry, its trade body.

The association's survey said there had been a dramatic rise in the past few years in the public desire for more information about medicines. It said 89 per cent of those questioned wanted to be told about the side-effects of drugs prescribed to them.

Four out of five questioned, however, had a favourable view of the industry and its contribution to British society.

The association said these position was largely shared by professionals in the National Health Service who saw the industry as successful and innovative, and it was regarded as contributing to the economy and to health care.

On promotions, more than two-thirds of general practitioners were positively satisfied with the accuracy of information supplied to them by pharmaceutical producers and with the service from company representatives.

VW seeks more UK components

BY JOHN GRIFFITHS

A DELEGATION from Volkswagen, the West German car maker, met more than a dozen component companies in Birmingham yesterday, to explore prospects for increasing VW's component and raw materials purchases from the UK.

Herr Horst Muenzner, VW deputy chairman and delegation leader, said VW sought to increase the £128.5m-worth of parts and materials it was buying this year from UK companies.

VW figures showed that its expected Volkswagen and Audi new car sales to the UK this year would be worth more than £400m. Exporting, however, could not be a one-way traffic, Herr Muenzner said.

The earnings had been partially balanced by VW's purchases.

The £128.5m represented just above 50 per cent of the value of materials and components in VW's imports, which Herr Muenzner put at £250m.

He said VW's purchases from UK companies had grown by 11.4 per cent this year. It hoped to see a further rise next year.

Less than half, or £48.3m-worth, however, of VW's purchases from UK companies were actually produced in the UK.

Nevertheless, the figure represents substantial growth from the £50,000-worth of business VW was placing with UK suppliers in 1968 when it first began developing an international sourcing policy.

Overall, however, the figures do not take account of VW/Audi replacement parts business in the UK, or of sales of VW light commercial vehicles or MAN trucks.

Alfa Romeo trims price of Arna car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALFA ROMEO is taking an aggressive marketing approach for the launch next month of its car produced jointly with Nissan of Japan. The Alfa version will cost £425 less than the equivalent Nissan model.

The Alfa Romeo Arna 1.2-litre SL will be sold at an introductory price of £4,350, compared with £4,775 for the Nissan Cherry Europe 1.2 litre although the Alfa version has five doors instead of three.

The Arna, which will compete against vehicles such as the Austin Metro and Ford Fiesta, will help fill the gap left at the bottom end of the Alfa Romeo range when the Alfa Sud went out of production and was superseded by the bigger Alfa 33.

In Britain this has resulted in a steep drop in Alfa Romeo sales. By the end of September they had almost halved this year, compared with the equivalent period of 1983 — from 6,761 to 3,433.

Alfa said yesterday the company hoped to sell about 1,500 to 2,000 Arnas in the UK next year.

The car derives its name from Alfa Romeo Nissan Autoveicoli, the joint-venture company formed by the Italian and Japanese companies to assemble in southern Italy this car, which combines a Nissan Cherry body shell with the Alfa Romeo flat-four engine, transmission and front suspension once used in the Alfasud.

Output should be about 30,000 this year, of which 6,000 to 7,000 would be exported.

Heathrow watchdog warns of congestion unless early decisions are made

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EARLY decisions by the Government are needed on issues affecting Heathrow Airport, London, if the airport is not to become overloaded and inefficient, according to Mr Douglas Eden, chairman of the Heathrow Airport Consultative Committee.

This body regularly reviews activities at the airport from local residents' viewpoint. In his annual report, Mr Eden says that aircraft movements at Heathrow "are increasing at a rate and in a manner which will exhaust the airport's runway capacity before long."

"This will have consequences for the South-east airport system (Heathrow, Gatwick and Stansted), which is the hub of the world civil air network and of crucial importance to the national economy.

"We have warned the Government and parliament that congestion at Heathrow during peak hours will become unmanageable unless three decisions are taken urgently," he said.

These were: to increase runway capacity in the South-east by developing Stansted or building a second runway at Gatwick; to introduce quotas to limit the numbers of small domestic flights wasting international runway space at Heathrow; and to increase the immigration service staff at Heathrow to meet the demands of passengers.

Mr Eden also said the committee's view was that the three London airports should continue to form one unit of runway capacity, whether or not the British Airports Authority's assets were transferred to the private sector.

Crown Agents in stamp link with Stanley Gibbons

By Charles Batchelor

THE Crown Agents, which act as a procurement agency and financial adviser to many Third World governments, has linked up with Stanley Gibbons, the international stamp dealers, to develop their new issue stamp activities.

Stanley Gibbons will take over the marketing of new issues handled by the Crown Agents in the U.S. Details of cooperation in the UK have still to be decided.

The Crown Agents help issue and market between £3m and £5m worth of stamps a year for about 40 overseas governments and administrations. In 1983 they were involved in 320 new issues. Stanley Gibbons sold £17.7m worth of stamps in the year ended June 1984 and made a pre-tax profits of £897,000.

The two organisations have reached agreement in principle for Stanley Gibbons to take a 40 per cent stake in the Crown Agents' UK stamp operations which will come under a newly-formed company called Crown Agents Stamp Company.

Turner & Newall

TURNER and Newall and Automotive Products, which have agreed to merge filtration interests, say they would together account for 15-22 per cent of the U.K. market for new and replacement air and oil filters for automotive and industrial engines, not 25 per cent as reported in the Financial Times on Tuesday.

Geologists to survey Falklands

By Maurice Samuelson

A UK-BASED oil and gas exploration company has commissioned what it claims is the first geological survey of the Falkland Islands for 62 years.

Firstland Oil and Gas, which has exploration leases in Texas and Oklahoma, has commissioned a study of the Islands' hydrocarbon potential by Hunting Geology and Geophysics.

Firstland's chairman, Mr Paul Beck, said his company has exploration acreage on East Falkland.

It was the first time since 1922 that a petroleum geologist had visited the Falklands to carry out a study.

Since it was first quoted on the London Stock Exchange in July, Firstland has announced gas discoveries in Texas and Oklahoma.

Legislation planned for prosecution service

LEGISLATION TO set up an independent prosecution service for England and Wales is likely to be introduced in the next session of Parliament.

It would take all prosecutions in the criminal courts out of the hands of the police and transfer them to lawyers.

The object is to separate investigation and prosecution in the interests of justice. The change was recommended in 1981 by a royal commission on criminal procedure.

Mr David Mellor, under-secretary at the Home Office, told the Law Society's annual conference in Bournemouth, that the general target date for the national prosecution system is 1986.

"We came to the conclusion that a proper degree of independence for the prosecution function could not be secured under any system which was locally administered," said Mr Mellor.

State prosecutors will be accountable to the Director of Public Prosecutions and the Attorney General.

The Metropolitan Police solicitors' department will form the core of staff in the service, in which another 600 barristers and solicitors are to be recruited.

Police in prosecution work at present will be employed on other duties.

"We regard the establishment of the service as an important development towards a streamlined and more effective criminal justice system," said Mr Mellor.

RAF to replace Victor tankers with TriStars

THE MINISTRY of Defence has placed an order for two Lockheed TriStar 500 aircraft with Pan American World Airways as the first stage of the RAF's Victor tanker replacement programme. The Ministry has taken an option on a third. The deal is worth about £50m.

The first two aircraft will be delivered by the end of the year and, if taken up, the third aircraft will be delivered next April. Modifications will have to be carried out after delivery to convert the TriStars to their air-refuelling role.

This latest order for TriStars follows the earlier purchase of six ex-British Airways TriStars and conversion of nine V-10s to supplement the Victor tanker force.

Non-traditional links forecast

BY ALEXANDER NICOLL

FINANCIAL TIMES
Financial Services Revolution
CONFERENCE

SIR CAMPBELL ADAMSON, chairman of Abbey National Building Society, yesterday forecast major mergers across traditional boundaries in the financial services industry.

At a conference on "Management Strategy in the Financial Services Revolution," organised by the Financial Times in association with The Banker, Sir Campbell said the mergers would "build up new and significant power blocks — considerable forces to be reckoned with."

Building societies, he said, should stick to their principal activity, housing finance. "But societies must react competitively from a position of strength to preserve this major activity from predators," he added. They must also develop mechanisms to cope with a more volatile environment.

Sir Campbell said he would like to see the Government take a more liberal attitude than it had shown in its July Green Paper on proposed reforms of the building society industry.

Mr F. B. Corby, chief executive of Prudential Corporation, said increased competition, necessary changes in organisational structure and the advance of technology would challenge managements of financial services companies to take initiatives rather than react to circumstances.

Big organisations would have to operate more like small ones and be more ready to risk making mistakes.

Mr James Larkin, President, Travel Related Services for American Express Europe, who chaired the day's session, called for greater cooperation between banks and other financial institutions.

He cited three examples where such cooperation was already taking place: an agreement between Credit Lyonnais and American Express on shared access to automated teller machines; a UK venture, Card Link, between credit and charge card companies, and a merger of some back office operations of VISA and Mastercard.

Banks could also give third parties access to their automatic tells and cash dispensers for negotiated transaction fees, Mr Larkin suggested, as well as showing services in the development of Electronic Funds Transfer at Point of Sale—directly debiting customers' accounts immediately a sale is made in a retail store.

Dr Hans Mast, executive vice-president and economic adviser to Credit Suisse, warned that diversification was full of risks. Small market advantages could be quickly lost, and could, at best, guarantee survival for smaller, very flexible institutions, he said. In response, banks were trying to maintain technical and personnel standards, to curb a former inclination towards imitation and to give greater consideration to marketing.

Mr James Tozer, senior executive vice-president of Marine Midland Bank in New York, said changes in U.S. industrial structure meant that "there really isn't a banking industry any more. It's merging into the financial services business and that's merging into the information business."

In response, banks needed to focus on a tightly-defined customer base, integrate their strategies to build corporate strengths, become more sales-orientated and use technology successfully, Mr Tozer said.

Andrew Taylor examines a youthful wine industry and finds it in good health

England's vineyards are coming of age

YOUTHFUL, vigorous, some Continentals might say presumptuous—the English wine industry, with one excellent harvest under its belt in 1983 and another in view, is coming of age.

Vines planted in the mid-1970s are reaching maturity. As a result the reputation of vineyards such as Pulham St Mary in Norfolk, Lamberhurst in Kent and Three Choirs from Newent, Gloucestershire, are growing.

The vineyards took three of the top four places in an international blind tasting organised this summer by the authoritative What Wine magazine.

Production, although tiny by Continental standards, is increasing. About 3m bottles of English wine are thought to have been produced from last year's record harvest.

It is drunk at the House of Commons and at top London hotels such as the Dorchester and the Ritz. Harrods stocks an English wine as do branches of British Home Stores and the supermarket chains, Safeways and Waitrose.

Despite its attraction, English wine—predominantly white, dry to medium—poses little threat to the big Continental producers. A combined national annual production of about 3m bottles is no more than a French or German village might achieve in a good wine growing area.

Last year some 530m bottles of wine are estimated to have been consumed in Britain. White wine accounted for about 370m bottles.

Nonetheless vineyard owners like Mr Kenneth McAlpine at Lamberhurst and Mr David Carr Taylor at Westfield, near Hastings, Sussex, fear that the success of English wine producers could be turned against wine regulations. These exclude Britain from strict controls on the types of vines which can be grown in different areas. More than 20 different types of vine are thought to be cultivated commercially by English wine producers.

According to the Ministry of Agriculture, the concessions apply only to countries producing less than 25,000 hectolitres, or about 3½m bottles, of wine a year. If projections of last year's production of English wine are correct, Britain is already close to this limit.

Mr David Carr Taylor says: "We are still trying to establish which vines produce the best wines for British soils and climate and we are therefore very sensitive to any suggestion that our experimental status may be forfeited."

In December the Ministry of Agriculture will conduct first census since the Domesday Book of English vineyards. It will measure production and areas under commercial cultivation and seek to identify the various straints of grape grown.

The decision to undertake the study reflects the coming of age of the industry, now of a size where the exercise is through worthwhile. It also reflects the sentitivity of agricultural policies within the EEC.

Attempts to control the Community's wine lake already seem likely to hit English producers. Plans to reduce over-production include a ban on using cane and beet sugar to aid fermentation. This will increase costs for producers in northern areas where the natural sugar of grapes tends to be lower than in sunnier climes.

The recent heavy rains and high winds will not have assisted this year's harvest. Nonetheless yields are again thought to be good, although perhaps not [illegible] vvesting until after the weekend. Owners are anxiously regarding the weather. Watching grapes as October meets November requires courage.

Mr David Mills, owner of the Ditchling vineyard at Westmeston, Sussex, which produced 24,000 bottles of white last year

"The skill is to leave the fruit on the vine for as long as possible to raise the grape's sugar level and to reduce acidity," says Mr Karl Heinz Johner, Lamberhurst's German wine-mester.

"It takes a strong nerve. If there is too much rain and the harvest is left too long, the fruit starts to rot."

The 32-acre vineyard at Lamberhurst Priory, on the borders of Kent and Sussex, is the largest English wine maker, producing about 750,000 bottles a year.

Mr Kenneth McAlpine, one of the construction McAlpines, owns the Lamberhurst label. His wine interests have expanded steadily since he [bought the vine]yard in Sussex from the cider-making company of the same name.

He says he is not a wine buff. His ownership of Lamberhurst, is not a quirk or a hobby but a genuine commercial interest. Starting a vineyard is capital intensive and, he says, owners have to wait for several years to get a return on their money.

"It takes about six years to get into profit after planting. Vines take about 10 years to reach maturity. The costs of planting alone, exclusive of land costs, are about £3,500 an acre," says Mr McAlpine. He is a main board director of Sir Robert McAlpine, responsible for the company's aviation interests.

Lamberhurst, as well as producing wine from its own vineyard, buys grapes from other producers to turn into wine under the Lamberhurst label.

"This is like a Continental-a local wine producer. We also make wines for producers' own labels if they so require," says Mr McAlpine.

The English Vineyards Association estimates that there are more than 200 commercial vineyards of more than half an acre in England and Wales. The greatest concentrations are in Kent, Sussex, Hampshire, Somerset, Wiltshire, Essex, Suffolk and Norfolk.

The association says vineyards need to be of at least five to seven acres to provide a living. Some owners say at least 10 to 15 acres are required to producers say that at very most industry is the climate. Wine The greatest restraint on the make the initial investment worthwhile.

English vineyards could support production of 10m bottles a year and they are a very long way from achieving that.

Sometimes the price of English wines is criticised. The 1983 Lamberhurst Muller Thurgau—described as a fruity full bodied delicate wine with soft dry finish—is £3.75 a bottle, according to the latest price list. A 1983 Schonburger medium dry is priced at £3.99 a bottle.

Mr McAlpine defends the vineyard's prices. He says Lamberhurst does sell cheaper blends. The more expensive wines are produced from grapes from a single vineyard comparable to chateau-bottled Continental wines. On this basis English prices are not out of line, he says.

Those supermarket chains which do not stock English wines say that prices and concern about continuity of supply from such a small industry have inhibited purchases.

Tesco and J. Sainsbury, however, say they will continue

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UK NEWS—LABOUR

Unions at Ford reject opening 4% pay offer

BY DAVID GOODHART, LABOUR STAFF

FORD UNION leaders yesterday rejected an opening 4 per cent pay offer from the company in reply to a claim for 14 per cent and a shorter working week. Vauxhall's pay strike could end next week, however.

The Ford offer to 40,500 workers is the lowest so far in this year's difficult motor industry pay round. The initial Austin Rover offer — also rejected—was about 4.7 per cent a year for two years, and Jaguar's rejected 7 per cent offer (excluding bonus consolidation) was improved slightly yesterday.

The 10-day-old strike at Vauxhall's two main plants at Ellesmere Port and Luton is set to continue until at least the middle of next week. However hopes of resolving it rose after the company improved its offer again on Thursday.

This deal of more than 10 per cent for most employees would increase the skilled rate by £16 a week and the main semi-skilled rate by £15. Shop stewards may still press for more in the light of changed working practices incorporated in the offer and the fact that part of it is not payable until next May.

There will be mass meetings at Luton and Ellesmere Port next week, but Luton shop stewards will not decide on a recommendation until Tuesday. A transport union instruction to stop the import of Vauxhall cars at Bristol, Sheerness and Hartlepool continues to be observed. Imports account for two-thirds of UK sales.

Vauxhall's offer — though still rejected — has set a pace that is clearly going to put extra pressure on Ford, Austin Rover and recently privatised Jaguar.

Ford indicated yesterday that more money could be available when the two sides meet again on November 5. But the conditions elements in the claim were all rejected yesterday and Mr Paul Roots, Ford industrial relations director, said any move on fringe benefits would knock money off the basic increase.

The conditions claim covers shorter working time; consolidation of good attendance supplements; special payment for work on the production line, and the same sick pay scheme as white-collar staff.

The company said the present offer would increase basic pay plus attendance supplement for the main grade by £5.02, taking average earnings from £128.93 to £133.95.

Eleven Cammel Laird pickets released from jail

ELEVEN OF 37 Cammel Laird workers jailed for contempt of court were released from Liverpool's Walton Jail yesterday. They said they would be back on the shipyard picket line.

They were greeted by about 30 family-members and supporters carrying a bedraggled red banner. The other 26 are due to be released on Tuesday. All 37 were sentenced to a month in prison for contempt but were granted remission for good conduct.

They occupied a destroyer and gas accommodation rig at Cammel Laird's Birkenhead shipyard and refused to leave these in spite of a court order. They were protesting at compulsory redundancies.

One man released yesterday after 18 days was Mr Jim McCarthy, regional chairman of the General Municipal Boilermakers and Allied Trades Union. He said: "It was not pleasant in any way. I am glad to be out. I want to get home and back on the picket line on Monday. The morale of the men in prison was high." He said the 1,200 Cammel Laird workers should support them.

They were laid off in the occupation but since it ended most have crossed GMBATU picket lines. Mr McCarthy said: "We want the workers to come out and join us in this official dispute."

Mr David Basnett, GMBATU general secretary, said their imprisonment was a gross abuse of the law, which would cause major problems for industrial relations in British Shipbuilders.

Nacods sharpens search for coal peace

BY PHILIP BASSETT, LABOUR CORRESPONDENT

WHEN Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, "pulled the stumps" on the coal talks at the beginning of this week, the most widely-held view was that there seemed little to prevent the miners' strikes from stretching on at least into next year.

But suddenly there are now hints from all sides—from the Government, from the National Coal Board, from the National Union of Mineworkers — that talks might be on again, might be in prospect, might start immediately. Are further talks possible, or likely, before the threatened strike from Thursday by the pit deputies' union, Nacods? And, if they are, do they stand any better chance of success than the negotiations which failed this week?

Punch-drunk after seven months of a bitter dispute, both the NCB and the NUM were squaring up to each other once again yesterday, with the board indicating it was willing to hold talks and Mr Arthur Scargill, the NUM president, making very clear his terms for attending them.

Acas has made no formal move in public, but is simply holding itself in readiness. Acas officials will continue in private over the weekend their careful, patient preparatory work of the past few days, talking to the parties on the telephone, as a run-up to a possible new round of discussions. officials will continue in private

Acas has made no formal move in public, but is simply holding itself in readiness. Acas officials will continue in private over the weekend their careful, patient preparatory work of the past few days, talking to the parties on the telephone, as a run-up to a possible new round of discussions.

So new talks can't take place immediately. Acas won't issue formal invitations until it judges its ground-clearing work complete. But talks could be set up for the early part of next week — the 10th anniversary of the service's foundation.

No one has changed his mind about the size of the gap between the NCB and the NUM over the closure of pits deemed by the management to be uneconomic. What is different is Thursday by the National Association of Colliery Overmen, Deputies and Shotfirers.

For the NCB, the temptation to see how many deputies respond to their leaders' call, as opposed to the relative inconsequence of a ballot form, is strong. There are indications of divisions within the union over the strike in such areas as Nottinghamshire and Leicestershire. Whether these develop into fissures will become clearer after deputies' meetings there today and tomorrow.

The dangers to the board of sitting tight are apparent, too. Once even some Nacods members are on strike for the first time in the history of their union, resolving the dispute between the union and the board will be even more difficult.

If they do strike in the key area of Nottinghamshire, as well as in other areas, then supplies of coal to the power stations will begin to dry up, bringing closer for the Government the need to move pithead stocks in order to avert the power cuts which the NUM awaits as harbingers of its victory.

The physical effect of a Nacods strike might well be more important for the industry's future. Mr Peter McNestry, the Nacods general secretary, has warned the NCB that up to 30 coal-faces could be lost through flooding or overheating within five days of an all-out Nacods strike. The board is taking the strike threat seriously.

For Nacods, talks before Thursday would present it with the ticklish problem of whether to defer the strike. To do so would leave its 82.5 per cent ballot majority in favour of action untarnished by any divisions or revolts against the strike call.

Deferral would also satisfy those local Nacods leaders—such as Mr Ivan Parry, the Leicestershire president—who fear that many deputies would go to work, and who called for talks before the strike could get under way.

There are technical problems for the union in deferring the strike, but probably more important is the fact that deferment may mean abandonment. Having almost marched at least some of their troops to the top of the hill, the union might find it difficult to march them there again.

There is some feeling that, if talks were to take place, the Nacods problem might be easier to solve than that of the NUM —that the gap between the deputies and the board is not so wide as that between the miners and the NCB.

Faced with the damaging consequences of the strike, the board might be prepared to make adjustments as to exactly at what stage the third-party tribunal proposed by Nacods as a new element of the industry's colliery review procedure might come into play.

Even so, solution of the NCB-NUM dispute looks no more attainable. If there were to be more Acas talks, though, they might well include a fresh element—the participation of the Trades Union Congress.

This might signal a new and crucial role in the dispute for Congress House—but one which would bear the seeds of a re-run of the pivotal constitutional crisis which split the TUC last year over the bitter closed-shop dispute between the Messenger newspaper group and the National Graphical Association.

NUJ deal opens way to direct input

BY DAVID GOODHART, LABOUR STAFF

THE National Union of Journalists chapel (branch) at the Portsmouth News has accepted a compromise deal from the company which could introduce, by early next year, direct input by non-print staff to computerised production of the newspaper.

The chapel's decision will increase pressure on the NUJ national executive to endorse the agreement, despite the fact that it opens the way for members of the National Graphical Association to take editorial jobs. The executive was still considering the issue last night.

The Portsmouth chapel endorsed on Thursday an agreement which will give the NGA three jobs in the editorial department when the paper moves to stage two of the introduction of a level of direct input, by which journalists and advertising staff may send certain material to computerised photocomposition, by-passing NGA members in the composing room.

The print union has already accepted stage two in principle at Portsmouth and Mr Tony Dubbins, its general secretary-elect, has said that this acceptance would make movement to full direct input difficult to resist.

Some NUJ officials fear that the agreement as it stands will set a precedent for the NGA to take over sub-editing jobs traditionally held by NUJ members. However, the three NGA members do not represent a permanent quota and their pay levels will be those negotiated by the journalists' union. The company wants to introduce stage two (predominantly subediting on screens) by November 12.

FT machine room talks remain stalled

BY OUR LABOUR STAFF

NO AGREEMENT was reached on Thursday night in talks between the Financial Times management and the two unions in the machine room.

Although talks have not formally broken down, the unofficial industrial action in the machine room, which has hit production recently, could be resumed. Further talks are due on November 1.

Disagreements between the National Graphical Association and Sogat '82 over staff levels was one of the main reasons for the failure of the talks.

Another consequence of the failure to find a resolution of the long-standing problems in the machine room is that soon the FT will not be able to produce editions of more than 40 pages without running into further intercunion difficulties over manning agreements.

Southampton's container port hit by dispute

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ROUND-THE-CLOCK working at Southampton's container port is due to end this weekend, following the workforce's rejection of the full range of economy measures sought by the management.

After this year's dock strikes, which affected Southampton severely, several shipping lines announced they would use other ports, such as Felixstowe.

Last night was the deadline by which the port, owned by Associated British Ports, wanted agreement on shift changes and manning cuts for annual savings of £7-9m a year.

The employees rejected the proposals, which would have reduced earnings of some dockers by £20 a week or more through shift cuts and loss of certain guaranteed payments.

The port will attempt to introduce its shift changes this weekend, but the unions say they will not comply. So daytime working between 8 am and 5 pm is expected to restart on Monday.

The port has lost about a fifth of its regular container business in recent weeks. At present, there are no container vessels in the two terminals.

Shipping companies have kept their vessels out of the port, pending the outcome of this week's negotiations. Normally, there would be four or five container ships there.

Southampton wants to reduce its costs in order to contain or wring down rates charged to its customer companies.

The contract of one big user, Southern Africa Europe Container Service, runs out next spring. It has said it will evaluate other ports before deciding whether to stay.

Agreement has been reached on 200 voluntary redundancies among staff in other grades.

● Cunard's QE2, a regular caller at Southampton, will again go to a West German yard for refitting work later this year.

The ship will said to Hapag-Lloyd of Bremerhaven for a routine £1.8m refit.

Bank union set to lodge flat-rate pay claim

By David Brindle, Labour Staff

THE BANKING, Insurance and Finance Union looks likely for the first time to lodge a flat-rate pay claim on behalf of its 72,000 members in the main English high street banks.

A conference of the union's clearing banks section this week voted overwhelmingly to press for "a substantial increase in minimum salaries by way of a flat-rate claim" in 1985 to help the lower-paid.

Bifu's left wing sees the decision as an important victory on an issue which it has pressed unsuccessfully for some years. However, it may not be cut and dried.

Mr David Burton, an assistant secretary of the union, said yesterday it would be up to Bifu's national executive at its November meeting to lay down general guidelines for sectional pay claims.

For the past two years, Bifu has claimed a rise of £10 a week or 8 per cent, whichever is the greater, but it maintains that the employers have simply ignored the flat-rate element. Left-wingers will press for a £20 claim next year.

● Both Bifu and the Lloyds Bank Group Staff Union said yesterday they would seek assurances that there would be no compulsory redundancies as a result of the planned merger of Lloyds Bank and Lloyds Bank International.

Consumers 'need not foot bill for strike'

By Maurice Samuelson

THERE was "no justification" for consumers to foot the bill for the miners' strike through higher electricity prices, the Association of British Chambers of Commerce said yesterday.

Mr James Ackers, the association's chairman, said in a letter to Mr Peter Walker, the Energy Secretary, that the "only fair way" of dealing with the problem of the electricity industry's big oil bill would be to adjust the external financing limit of the electricity industry, so that the cost would be ultimately borne by the Treasury.

He backed a three-year target of 2 per cent on capital — as favoured by the Electricity Council, which would enable electricity tariff increases to stay below the rise in inflation.

CONTRACTS

Trains carry long rails

COWANS SHELDON, Carlisle—part of NEI Cranes, has been awarded a contract worth £3.8m for six long welded rail trains for British Rail. The company has developed a system for handling long lengths of continuously welded rail. Trains have been designed to carry, unload and load lengths of rail up to 338 ft long and when fully loaded can store 24 lengths of rail. The whole train, consisting of nine flat wagons, is powered and braked by a specially built power wagon which has a greater degree of control than existing locomotives. Each train has a rail-handling gantry which runs on top of the train, manipulates two rails simultaneously and is self-powered. Experience of operating the train on main line sites has shown that the system affords substantial time saving, an important factor when track possession has to be kept to a minimum. Additionally old rails, which previously had to be cut into 60-ft lengths, lifted and reprocessed, can now be transferred in 338-ft lengths for possible immediate use on secondary lines. The trains are due to be delivered to British Rail between March and December 1985.

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The machinery division of PEABODY HOLMES has received an order from Matthew Hall Ortech for two large Holmes-Hazemag impact crushers for a new quarry development at the Whatley site of ARC Southern, Somerset. When completed this new development will form one of the most extensive quarrying operations in Europe. The order is worth over £1.25m.

*

SCOTT LITHGOW, a Trafalgar House company, has been awarded a contract from Gotaverken Arendal, Sweden, for part of the Sun Oil rig construction project, which is worth about £2m. Scott Lithgow will supply pontoon and deck block units for the CVA 5000 floating production vessel for the Sun Oil project. Work on the first part of the contract, for two bow and two stern pontoon units each weighing 110 tonnes, will start this month for completion by the end of the year. Construction of four 85-tonne deck house units will follow in January, with delivery by next spring.

*

GOULD SEL COMPUTERS SYSTEMS has won an order from Rediffusion Simulation for a Concept 32/87 computer used to process data for a full flight simulator for the Royal Air Force's VC10 C MK 1 (transport) aircraft. The computer will be supplied to the Ministry of Defence as part of a £5m contract awarded to Rediffusion Simulation to build the simulator, due to be completed in June 1986. It will be installed at RAF Brize Norton's training facility.

*

Four years after making an initial lecture tour to China to promote its oil field polymers ALLIED COLLOIDS, Bradford, has signed a three-year contract worth about £1m with the China National Technical Import Corp for the design and implementation of an enhanced oil recovery programme in the country's largest oil field at Daqing.

*

MATHER & PLATT, part of the Wormald International Group, and Dutch agent, De Roos, have been successful in securing an order for eight complete "FH" range multistage pump sets with their associated equipment from NAM (Nederlandse Aardolie Maatschapij BV); the value of the order is over £1.4m.

*

The National Air Traffic Services (NATS) of the Civil Aviation Authority has been awarded a new seven-year contract for the provision of air traffic control services at Manchester International Airport. The current contract between the Airport Authority and NATS expires on March 31 1986 and the new contract will run consecutively. It is expected to be worth just over £8m in the first year.

*

THOMPSON WELDING SYSTEMS, part of NEI Thompson, Wolverhampton, has won an order worth £1.7m to supply friction welding equipment for the production of API drill pipe to be used by the Russians for oil and gas exploration. Delivery will be the end of 1985.

*

The communication systems group of FERRANTI, under contract to Balfour Beatty Power Construction, is to supply microwave radio equipment to the Ministry of Posts and Telecommunications in the Republic of Cameroon, West Africa. The order, worth over £2.5m to Ferranti, involves the supply of Type 14000 microwave link systems to establish a backbone trunk microwave network between the South West and North West Provinces. Ferranti is also to supply route surveying and system engineering services to the project which is due for completion in 1986.

*

All the specialist attachments for rough terrain fork lift trucks and earth moving tractors to be manufactured by Volvo BM UK for the British Army are to be supplied and fitted by REYNOLDS BOUGHTON. The contract is worth £2.5m to the engineering division of this Amersham-based group.

*

An order worth £2.5m has been won by PERKINS ENGINES (SHREWSBURY) to supply Eagle 290L engines for a total of 333 Foden general service recovery vehicles for the British Army, mainly for use by the British Army on the Rhine and in the UK.

*

HORSELEY BRIDGE, part of NEI Thompson, a member of Northern Engineering Industries, has won orders worth £1.8m to supply several hundred elevated water storage tanks from the Federal Government of Nigeria. All will be installed by the end of the year.

*

Contracts worth £2m have been awarded to TUNSTALL TELECOM GROUP for emergency communications systems for the elderly living in both sheltered housing schemes and in private dwellings throughout the UK. The largest is from Charnwood District Council for £318,000 for an elderly persons' emergency communication network.

UK CONVERTIBLE STOCK 20/10/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.60	417.50	333.3	80-87	2.9		−6.5	− 7 to −0	28.6	25.3	− 0.7	+ 5.8
Hanson Trust 9½pc Cv. 01-06	81.54	359.50	160.7	85-01	2.7		−5.2	− 8 to 1	169.7	70.5	−26.1	−20.9
Slough Estates 10pc Cv. 87-90	0.45	307.50	234.4	78-85	3.3		−4.9	−10 to −4	0.0	4.9	1.5	+ 6.4
Slough Estates 8pc Cv. 91-94	24.72	131.00	97.5	80-88	6.2	3.2	−2.6	− 7 to 2	16.7	23.3	4.9	+ 7.5

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, — is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

SAVINGS OFFERS

THE WEEK IN THE MARKETS

Lubricating lower share prices

LONDON

ONLOOKER

Having been almost oblivious to bad news since the summer the market's nerve finally cracked. The spectre of a total shutdown at the mines and a round of competitive price cutting on the oil market was enough to put equity prices into a tail spin and drive sterling to even lower levels.

Disappointments from the negotiations on the coal dispute are legion and the market might just have been able to stand up to Tuesday's news of a collapse of th Acas talks and a strike call by the Nacods men for next week, if it had not been for the subsequent domino effect of one oil producer after another cutting prices. From an all time high on Monday, as measured by both the FT-All Share Index and the FT-SE 100 Share Index, prices fell sharply on three consecutive days. The FT-SE Index lost 57 points and the All-Share was lower by 4½ per cent.

The Norwegians were the first to move in cutting their crude oil price and BNOC followed quickly with a $1.35 cut to $28.65 a barrel. Nigeria broke ranks with Opec on Thursday to intensify the pressure by dropping its price for light crude to $28. There was obvious concern that other member states of Opec would jump ship before the ministerial meeting called for October 29.

The impact of all this on equity prices for the oil majors was predictable. By Thursday evening the FT Actuaries Oil share index had lost 7 per cent on the week before a confident statement from Kuwait, ruling out a cut in the Opec benchmark price, reversed the trend.

Thanks to its status as a petro-currency the threat of an oil price war had the pound plunging, falling below $1.20 and even more crucially, dropping to its lowest level on a trade weighted level since 1976. Hopes for a base rate cut next month were fading fast.

Leastways they were until Mr Nigel Lawson stood up to an audience of bankers and other City dignitaries at the Lord Mayor's Banquet on Thursday evening. He was in confident mood and having passed around the "Loving Cup" the assembled throng went away into the night feeling suitably reassured.

With a few soothing words yesterday from Opec spokesmen, reinforcing the hope that an oil price war might be averted, the market was back in a bullish mood.

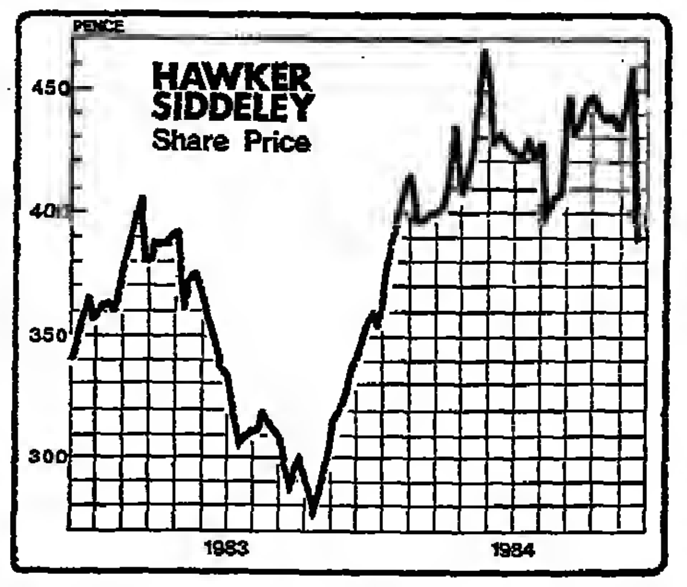
Hawker disappoints

Hawker Siddeley played its part in giving a further nudge to an equity market already on a alippery alope on Wednesday. fts half time figures came out £10.4m ahead at £65.7m pre-tax but the market had been anticipating something over £70m. And even worse, the group had some cautionary words for the second half suggesting that the full year will be little better than the 1983 profit of £137.8m. The share price had been based on City predictions of full year profits in excess of £160m and the reaction was savage — the shares fell 51p to 395p on the news.

That the market should have been so wrong footed is surprising. It looks as if analysts had assumed that the very buoyant second half of last year, where there was a profits increase of 50 per cent over the previous six months, held a message for trading prospects in 1984.

What had not been fully appreciated—until we all had the benefit of hindsight — was the extent to which the closing months of '83 had been inflated by some exceptional contract profits. Hawker Siddeley Power Engineering, the subsidiary handling turnkey projects in Africa and the Middle East, may hold a clue to some of the confusion. It normally ticks along on a modest profit but in 1983 there was a figure of £11m against an equally surprising £9m loss in the previous year. So it looks as if recently reported group figures have been seriously distorted by some overseas contracts and analysts were working off an artificially higb baae.

The ahares are now nearly £1 lower than the year's high. Assuming £140m pre-tax of the year the current price can just about justify the rating but sentiment is against the group at present and the shares may need to travel a little lower to find a firm foothold.



Rank moves on

For some while it has only looked like a matter of time before Rank Organisation would dispose of its property interests as part of its rehabilitation following the management changes of last year. This week British Land agreed to buy the UK investment properties for £49m and assume £19m of debts.

The total proceeds on the sale of £68m compares to a book value of £93.5m or a realisable value of around £75m after tax liabilities if Rank had sold off the properties piecemeal. So on the face of its British Land has come out well, buying a ready made portfolio at a 27 per cent discount to its gross asset value. The current average discount for property companies quoted on the market is just over 20 per cent.

Yet if the property company has managed to enhance both its earnings level and its asset base the move looks a reasonably positive one for Rank as well. The proceeds will initially be used to reduce group borrowings, which on a full year basis could be worth around £2m to pre-tax profits, but longer term it has the ability to pursue the strategy of reinvesting in its core entertainment and leisure interests.

Carless bids more

Carless Capel has revised the terms of its offer for Premier Consolidated Oilfields from a straight equity swap of one share for every three Premier to one share plus £1 of 6 per cent Convertible unsecured loan stock for every four. It is the bidder's final offer and as it was announced Carless sent brokers Rowe & Pitman into the market to buy up just under 15 per cent of Premier.

Such has been the drop in Carless's share price since it announced its first offer in August that these terms do no more than bring the bid price back up to its original level. Premier shareholders are now faced with the usual choices — accept, stay with Premier or sell in the market.

The terms are not overwhelming. The addition of a loan stock adds some income into the mix but it is unlikely to sway investors very far. How many people buy exploration stocks for income? If you want income from the sector you buy BP. And if the bid is successful a glut of Carless paper could swamp the market and depress the price for some time to come. Indeed success does not look too bright a prospect for shareholders of either camp.

Staying with Premier does mean running the risk of holding onto shares that could easily slip back if the offer lapses. And even the most obvious escape route of selling in the market looks less appealing now that the whole sector has been hammered by a drop in the oil price. Still, there is a while to go before shareholders have to make final decisions (two weeks from the offer document posted on Thursday) and there is an outside chance that a rival offer might appear. Sterling assets are looking cheaper by the day for American oilmen.

Half time at BHS

The interim figures from British Home Stores were not the stuff to set hearts racing. At the pre-tax line there was a 4.5 per cent increase to £13m and the dividend was held unchanged at 1.75p per share. But lurking behind the rather unexciting shop window is something a little more interesting.

BHS is investing heavily to brighten up its older stores and open new ones. All in all £60m could be spent this year. The downside to such investment is an immediate adverse impact on margins as depreciation charges rise and sales are lost while stores are undergoing refurbishments. These factors could have clipped £700,000 off the interim profits and that figure could double in the closing six months.

So for the full year profits might be no better than £60m compared to £55.2m, which is not particularly exciting even if the directors are a little more generous with the dividend payout. Undoubtedly the current programme to upgrade its stores will bear fruit eventually — though it will take some years to complete — and BHS claims it can already see benefits at its revamped outlets. For shareholders, however, the wait could be tedious.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Govt. Sec. Index	79.93	−1.02	83.77	75.72	Sterling & int. rate anxieties
F.T. Ind. Ord. Index	853.5	−22.5	922.8	755.3	Miners' dispute/oil price fears
Antofagasta Hldgs.	215	+51	215	80	Mid-term statement
Assoc. Brit. Ports	178	−22	298	175	Effects of miners' dispute
Bath & Portland	234	+41	234	145	Hopes of bid from C. H. Beazer
Britannia Arrow	83	+8	93	63	Persistant bid speculation
BP	463	−25	540	395	BNOC cuts N. Sea oil prices
Burmah Oil	216	+16	225	161	Bid speculation
Cradley Print	38	−12	57	38	Disappointing annual results
Dobson Park Inds.	68½	−9½	80	63	Effects of miners' dispute
Eglinton Oil & Gas	53	−30	245	47	Colombian drilling failure
Haden	179	+29	244	132	Tarmac bid hopes
Hawker Siddeley	395	−64	484	352	Stagnant profits warning
Jaguar	212	+17	212	170	U.S. support/currency influences
Johnson, Matthey	135	+27	290	80	BP acquires 4.7 per cent stake
Kent (M.P.)	73	+6	75	36	Agreed bid from C. H. Beazer
Novo Industri B	£21½	−6½	£43½	£20½	Sales growth ests. downgraded
Reliance Industrial	32	+8	38	18½	Unwelcome bid from Corah
Smith St. Aubyn	56	−8	71	47	Disappointing interim statement
Tyzack (W.) & Turner	71	+28	71	21	Strong profits recovery

Last hour stampede

NEW YORK

TERRY DODSWORTH

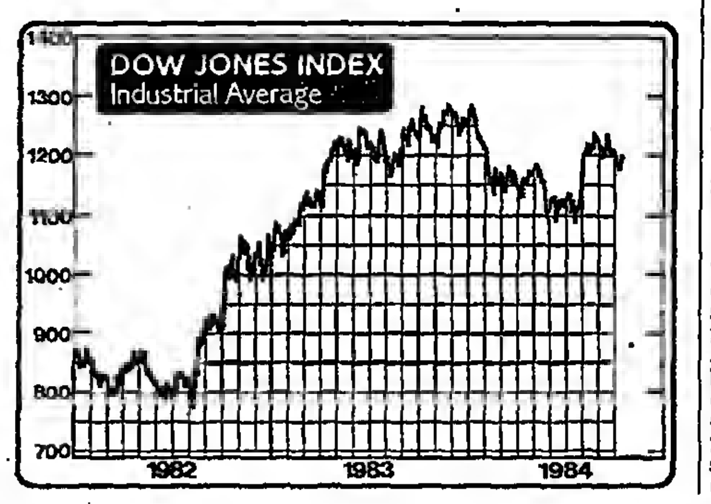
THE U.S. equity market has been the very model of uncertainty since the third quarter reporting season started a couple of weeks ago. On Thursday, however, like a man whose patience has finally worn intolerably thin, it staked everything on the optimistic scenario for the economy. A stampede of buyers in the last hour of trading suddenly swept across the New York Stock Exchange, forcing up the Dow Jones Industrial Average by 29.49 points to 1225.38, its biggest one-day jump since the bout of summer madness back in early August.

The trigger for this rush of enthusiasm came from the unlikely source of strife-torn Britain. The UK's oil price cut was seen as a reinforcement for the argument that inflation will remain under control in the U.S. And the net effect of low inflation, the market seems to be saying, will be healthy real growth, positive high quality earnings, and a further boost to the holding value of financial assets.

The oil price announcement has made such an impact because for several weeks equity investors have been concentrating on another aspect of low inflation — the lid that this places on price rises, and thus on the ability of companies to raise profits through the price mechanism.

These pressures on corporate profits have so dominated market sentiment over the last few weeks that the steady decline in interest rates has been virtually ignored—or unfavourably interpreted. Up to a month ago, the trend that has pushed the 30-year long bond well below 12 per cent would have been welcomed with open arms on the stock market. But as the evidence of the third quarter economic slowdown has accumulated, the market has been transfixed by the fear that declining rates were signalling a softening economy which might be only a step away from a recession.

This anxiety is one of the reasons behind the heady rise of utility stocks over the last six weeks. Investors have pushed the Dow Jones Utility Average to almost 146.00, its highest point since early 1966, on the grounds that the steady earnings prospects and high yields of the utilities give them strong defensive value in an economic turndown.



The third quarter earnings reports have also highlighted some other alarming soft spots in U.S. corporate performance. Large swathes of heavy industry is still trying to pull itself out of the trough of the last recession.

This week, for instance, has produced further appalling news from Caterpillar, known until a year ago as "Bit Cat" because of the way it bulldozed through to ever-increasing profits with the devastating efficiency of one o fits earth-movers.

The company is to lay off 2,450 employees over the next few months, and says it has no hoep of making a profit this year after running up a $92m loss in the third quarter.

After its earlier dividend cut—the payment now stands at only 12.5 cents a share against 67.5 cents two years ago—there is no surprise that the shares have been hammered down from the peak of $73½ to around $30, where they stand around $5 under stated book value.

Similarly unpalatable news has emerged from the steel sector this week, with the announcement from Inland Steel that its first half recovery evaporated in the following three months. The company is mainly blaming imports for its setback, but the hard facts are that its capacity use rate has slipped right back.

It was thus pushed right back into losses—$38m in the third quarter—and is gearing itself up for further plant and job cuts.

Caterpillar, the steel companies and the agricultural equipment groups—Allis Chalmers has also just produced terrible figures—are all in exposed areas of the economy that are directly hit by the strength of foreign competition. In the more sheltered areas, many companies have been reporting a much more healthy third quarter performance. Coca Cola's earnings, for instance, rose by 13.6 per cent in the quarter, and RCA's by 29 per cent.

The differences between the weak and the strong are emphasising the lopsided nature of the U.S. recovery and underlining the growing questions about U.S. competitiveness. But all these considerations were swept aside in the tide of oil-induced enthusiasm which have gone up by only around 2.5 per cent this year.

MONDAY	1202.96	+12.86
TUESDAY	1197.77	−5.19
WEDNESDAY	1195.89	−1.88
THURSDAY	1225.38	+29.49

Not so simple

MINING

KENNETH MARSTON

RECORD gold prices for the South African mines, resulting from the weakness of the rand against the strength of the U.S. dollar in which gold is sold, have boosted most of the September quarter profits.

While the dollar price of gold has declined the helpful exchange rate has produced an average price of around R17,400 per kilogramme against R15,600 in the June quarter.

There have been exceptions, however, Western Areas, for instance, has received only R16,027, Randfontein R16,497 while Hartebeest, which does not disclose its price, also looks to have come out none too well. The answer lies in forward sales of gold and/or currency transactions which appear to have gone astray.

The less profitable mines are allowed to make forward sales of their gold for up to a year ahead, the idea being that this guaranteed price will protect them from any weakness in the market that might develop.

Harmony, for example, has sold about half of its expected production in the September quarter of next year for a price of R21,462, well above the current level of some R19,430. It makes sense for such mines, but they lose out if the market price at the time of closing the deal is higher.

All the mines get paid in U.S. dollars for their gold sales and are allowed to keep these dollars for seven days before changing them into rands.

It is thus very tempting for them to indulge in some currency dealings but if such dealings go the wrong way, as they so easily can, this shows up in the rand price received for the gold. Hence Randfontein's below average price last quarter.

While forward gold sales at good prices are understandable in the cases of the marginal mines which cannot afford to risk a fall in the market price, it is arguable whether their better placed brethren should indulge in this non-mining activity.

After all, shareholders in gold mines are of the kind who are prepared to accept a fair degree of risk for a high return. However, at the current time of uncertainty over exchange rates and gold prices, there is a good deal to be said for mines obtaining the high rand prices now on offer for at least a part of their gold output.

Forward currency contracts are another matter, especially when they are not all that necessary. Shareholders who accept the normal risks of gold investment may feel that the risks of dealing in currencies are not of the sort they bargained for.

● The mining world loves complicated deals and the one whereby the Anglo American Corporation group's powerful Bermuda-registered Minerals and Resources Corporation (Minorco) is to pump $100m (£53m) into its struggling 60 per cent-owned Inspiration Resources Corporation (IRC) is an ingenious attempt to turn necessity to advantage.

The loss-making IRC copper producer is to make a shares and cash offer for the U.S. Madison Resources which has some $400m worth of oil and gas assets plus $100m cash. IRC will need to create more shares to do this and some will be issued to Minorco in return for its $100m, thus maintaining the latter's percentage holding in IRC.

If the deal goes through IRC will have diversified into oil and gas and be in a position to reduce its debt burden with use of the Madison and Minorco cash. It is thought—or hoped—that Madison holders will accept the IRC offer because the terms are attractive and holders will still have an, admittedly diluted, stake in Madison's operations with the backing of Minorco.

From Minorco's point of view new life will be breathed into its problem child but the price will be one of draining Minorco's cash reserves for a while and with no improvement in earnings expected this year shareholders are faced with another unchanged dividend total.

● The seasonal downturn in nickel sales has resulted in Canada's Inco losing U.S.$31.6m (£26.6m) in the third quarter following a reduced loss of $15.1m in the previous three months.

GOLD MINE NET PROFITS

	Sept quarter R000s	June quarter R000s
Blyvoor	15,527	13,847
Bracken	2,905	2,413
Buffels	51,851	54,244
Deelkraal	10,961	9,013
Doornfont	16,097	16,262
Driefont	93,979	104,607
Durban	‡3,286	‡1,023
Ergo	13,931	12,755
ERPM	‡8,250	‡1,243
E. Transvaal	4,706	†7,371
Elandsrand	29,188	†18,850
FS Geduld	28,744	21,041
Grootvlei	6,437	4,438
Harmony	25,279	25,263
Hartebeest	26,579	34,179
Kinross	15,324	11,155
Kloof	46,586	47,434
Leslie	5,289	3,586
Libanon	9,535	11,601
Loraine	7,571	2,265
Marievale	910	200
Pres Brand	65,468	33,694
Pres Steyn	30,995	28,828
Randfontein	45,933	55,297
St Helena	18,148	14,368
SA Land	1,190	957
Stilfontein	6,320	11,397
Unisel	12,806	6,830
Vaal Reefs	93,465	111,742
Venterspost	3,325	2,535
Village Main	247	366
Vlakfontein	786	736
W Rand Con	2,079	1,553
Western Areas	16,210	15,700
Western Deep	82,930	68,486
W Holdings	61,467	33,680
Winkelhaak	16,615	13,574

‡ After receipt of state aid.
† Restated.

Kneejerk reaction problems

Unlisted Securities Market

WHEN a trend establishes itself on the full stock market, it always seems to set off a belated knee-jerk reaction on the USM.

Earlier this year, USM electricals took a knock following fears that the U.S. home computer market was about to collapse, despite the fact that few of them—with the exception of Acorn—were actually involved in that field.

The same effect is now getting to work in the housebuilding sector. Its problems were thrown into relief on the full market this week by C. H. Beazer's £33.4m bid for M. P. Kent, the struggling Bristol property developer.

Escalating mortgage rates and the controversy over timber-framed construction have contributed to a general underperformance by housebuilding shares in recent months. The gloom has spread to the USM, where four out of the eight unlisted housebuilders are currently trading at discounts to their issue prices of between 10 per cent and 43 per cent.

According to Datastream, the USM housebuilding sector is languishing on an average earnings multiple of just 6.8, as against 9.5 for its fully listed counterpart.

"People are tending to group the good with the bad. Their view is that all housebuilders are going to suffer if mortgages rates are going up. That's just not true," says Stephen Brook of stockbrokers Rowe & Pitman. "Some of the smaller companies in niche markets are actually doing very well."

Of the four USM housebuilders which have managed to keep above their issue prices, the star performer is probably Weybridge-based Berkeley Group, tipped by one broker (not its own) as "almost recession-proof." Its shares have risen by 15 per cent since the turn of the month to around 127p, where the group is valued at £12.3m.

The City is expecting Berkeley's taxable profits to climb from £1.53m to well over £2m in the year to next April, a performance which it owes to its position at the very top end of the housing market in the prosperous south-east. Berkeley sells 57 per cent of its homes for between £100,000 and £210,000—and customers with that sort of money are unlikely to worry too much about mortgage rates.

"Interest rates went up 2½ points just before we floated in July," says Jim Farrer, Berkeley's chairman. "But I can't think of one sale we have lost because of that. We are protected to a certain degree by the type of client which we deal with."

Tony Williams, of stockbrokers Grieveson Grant, believes Berkeley's market is buoyant although nationwide housing starts are expected to decline this year by 10,000 to 157,000 units. He explains: "I don't expect the value of national sales to fall by nearly that much. The first time buyers' market may have peaked, but the top end is doing very well indeed."

Furthermore, Berkeley has reduced its own exposure to rising interest rates by maintaining no land bank, and thus avoiding the heavy holding costs which burden some other housebuilders. Instead, it buys single plots when it needs them, often working with local estate agents who are subsequently instructed on the sale of that property.

Trencherwood Estates, the biggest USM house-builder, with a market value of £15.6m, shares Berkeley's aversion to being lumbered with the costs of financing a land bank. It takes a different route round the problem by buying options to acquire acreage at an unspecified cost. "It means our holding costs are small and we would not be caught out if land prices suddenly fell," says Brian Eighteen, finance director.

By the same token, of course, a land bank can provide useful protection against rising land values and can often ease the process of getting planning consent from local authorities.

Like Berkeley, the group, has found a niche market in a prosperous area, Newbury. A growing number of high technology companies, including recent USM graduate Micro Focus, Norsk Data, Racal, and Sony Corporation, are moving into the area down the so-called M4 corridor.

Their arrival has created a lucrative spin-off for Trencherwood in private housing. The group, which has forecast a rise in pre-tax profits from £1.34m to £2.5m in the year to the end of this month, is budgeting to increase the number of homes sold next year from 265 to 300, rising to 400 in 1986.

It has options to buy a "significant amount" of the land set aside for the 2,500 homes projected to be built over the next 10 years by the West Berkshire structure plan. Not surprisingly, Trencherwood has also been drawn into commercial property.

Trencherwood's shares currently stand at 173p, 20 per cent above its June placing price. But despite the succes it and Berkeley have experienced, the shadow of the fully listed housebuilders' problems still darkens the USM.

London and Clydeside, which has a solid presence in oil-rich Aberdeen's prive housing market, has been less fortunate than its fellows. Its share are hovering at 97p, valuing the group at £8.8m, 10 per cent beneath its June placing price.

William Dawkins

YOUR SAVINGS AND INVESTMENTS

The rate of alimony

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

My wife and I having recently separated, she continuing to live in the matrimonial home, which is jointly owned, with our children aged 13 and 15 years, and both of us having independent incomes wish to arrange alimony on a voluntary basis without consulting a solicitor at this time. Can you please advise me how I can find out the rates of alimony which are currently being applied by magistrates or county courts and the method by which these are calculated?

There is no standard rate, since each case depends on its own particular facts. A rule-of-thumb which is used as a starting point is to award the wife one-third of the joint income of the parties; but this is by no means a fixed rule. You can look at legal text books on Family Provision and Maintenance, such as those by J. Jackson or J. G. Miller, for some guidance in principle.

In favour of a grandchild

Over the course of the years I have accumulated a number of small holdings of dated loan stock. In the main this has been due to company takeovers where the new owners have issued a mixed offering of loan and equity stock. Most of the loan stock has a maturity date long past the year in which I can expect to survive. The cost of selling the stock is quite out of proportion to the value of the holdings.

I should like to transfer the stock to a grandchild who will most probably live beyond the maturity date. Can you tell me if there is a low cost way of making the transfer of ownership?

You can make a declaration of trust in favour of your grandchild, leaving your legal ownership undisturbed but creating a beneficial interest in equity in the stock which will be wholly vested in the grandchild.

Writing to the taxman

I have recently received an income tax assessment. To pay this tax (£1,800) I will have to sell some of my investments, unfortunately at present they are selling at depressed levels and to sell would mean taking a loss. I feel these investments will recover in price over the next six months or so, and my question is: If I am willing to pay the interest on the tax I owe, if I wrote to the taxman and explained my predicament do you think he would allow me to delay paying the tax for six months or so? If not, is there anything he can do to force you to pay the tax, or could one, assuming one paid the interest, delay paying it for sometime.

You have nothing to lose by writing to the Collector of Taxes and asking for time to pay. Do not delay writing. He or she will probably not agree to your request, but you will in effect be able to postpone settlement until you are ultimately faced with the prospect of legal proceedings. It is unlikely that you will be able to defer the sale of your investments for as long as six months, however; why not ask your bank manager for a secured overdraft?

Love, favour and affection

Early this year, I decided to reduce eventual C.T.T. liabilities by gifting my second house in Scotland to my daughter who already lives North of the Border. To ensure that this transfer did not attract unnecessary stamp duty and conveyancing charges I asked my solicitor if the gift could be effected by a simple Declaration of Trust. Neither he nor my accountant saw any difficulty about this but the solicitor sent his draft Deed to an associate in Edinburgh to ensure that the document complied with Scottish law and practice.

After a very long delay, the Edinburgh solicitors advised that "there is no such concept in Scotland of separate titles to land such as legal and equitable." I am not very clear what this means in lay terms but my solicitor advises that his proposed Declaration of Trust, although a normal and legitimate vehicle for transfer in England, would be useless in Scotland.

Can you suggest how the desired transfer of property can be effected without incurring a risk that the Revenue will claim that the value transferred is more than £30,000 and, therefore, is chargeable to Stamp Duty?

The Scottish Solicitor's advice is quite correct in that there is no doctrine of equity in Scotland and the transfer of property cannot be effected by Deed of Gift and Declaration of Trust—a vehicle known only to English Lawyers.

You do not indicate the value of the dwellinghouse in Scotland and therefore it is difficult to give you advice as to the most cost efficient means of transfer. If, however, you were to proceed by way of Disposition (Conveyance) the consideration would be narrated as for Love, Favour and Affection. The stamp duty on this Disposition would be "adjudicated" by the Inland Revenue on the value placed on the property by the District Valuer.

In the last budget the Conveyance and Sale Duty (the Stamp Duty payable on transfers of property) was reduced to 1 per cent of all values over £30,000 (the exemption figure being raised from £25,000 to £30,000).

Your concern seems to be related only to the Stamp Duty implications but we suggest you request the Scottish Solicitor advise you as to all the costs involved in the transfer you propose, including the C.T.T. and C.G.T. liability which would be triggered by the transfer.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Clive Wolman weighs up British Telecom prospects

Think twice before buying

IT'S THE kind of advice that only the most unscrupulous of share tipsters and brokers are expected to engage in.

To persuade an investment novice to put all his stock market money into one share would normally be condemned as an act of irresponsibility. It runs counter to all those principles of investment which stress the need to diversify risk across different companies, different industrial sectors and even different countries.

But this kind of persuasion is precisely what the British public have been subjected to over the past two months as a result of the Government's promotion of British Telecom shares.

So if, apart from your home, your assets are small and you have no money in shares, should you turn a deaf ear to the Government's advertising campaign?

Last week's article on these pages showed that you could expect to receive an abnormally high return from investing in BT shares, particularly if you invested only a small sum of around £500 and sold your stake after about eight months.

The calculations assumed that when you sell your BT shares, you will get back all the capital you originally invested.

There is one immediate objection to this assumption. The vouchers and bonus shares on offer to the small investor will draw in more applicants for shares and this may push up the issue price to an artificially high level. And when the best of the goodies have been paid out, the price of BT shares will fall.

However, even if the issue is a great success with small investors, they are unlikely to buy more than 25 per cent of the shares on offer. The issue price to be set by the Government will be determined primarily by the pension funds, insurance companies and other institutional investors who are being awarded no perks.

Stockbroking analysts also believe that, for political and public relations reasons, the Government is likely to set the issue price below the price that would be set by the stock market. This should ensure that when stock market trading of the shares starts, the price will rise immediately above the issue price and investors will be able to sell out at profit.

One stockbroker advising the Government on the issue says: "After all the Government's advertising to attract the small investor, it cannot afford the political risk of a fall in the share price when dealings start. We expect our masters to err on the low side."

But politics will have another, less favourable, effect on the share price in the long term. In 1987-88, as the next election approaches, the BT share price is likely to fall back or remain depressed if there is any prospect of a return of a Labour government committed to the renationalisation of BT. A Labour Government is committed to paying no more than the original issue price to buy back BT shares.

Thus, although political considerations increase the prospects of a short-term profit for investors, they also add to the longer-term risks.

In addition, there are all the usual risks of investing in a single company — even if that company is regarded as a monopoly, a utility and as part of a sector where demand is growing strongly.

For one, the Government has given sufficeint weapons to Oftel, the regulatory anthority and consumer watchdog over BT to allow it to restrict the scope of BT's monopoly. Thus, in the long term, competition and alternative means of telecommunicating could depress the BT share price.

In the shorter term, there are several other factors which could have an impact on profits and cause the share price to jump around, thus increasing the riskiness of the investment:

- An industrial dispute or strike.
- The failure of demand for BT's services to reach their anticipated level.
- A general slump in the UK stock market in which nearly all share prices fall. BT's shares, however, are expected to be much less sensitive than average to stock market falls or rises.

In their first 18 months of existence on the UK stock market, BT shares will seem more volatile and riskier than they actually are. This is because you have to pay for only part of the cost of the shares—40 per cent when they are first sold next month, and 30 per cent next June. A 10 per cent fall on 100 per cent of the share's price is equivalent to a 25 per cent fall, if only 40 per cent of the share's price is paid up.

Despite all these considerations, BT should be a much less volatile share than those of nearly all the other companies which have been privatised—and les risky than most UK/blue chip stocks. Its earnings are expected to be much more stable than those of industrial companies such as ICI which at present has the largest number of individual shareholders. BT wil probably be less risky than even Marks and Spencer and other shares in the low-volatility stores sector.

Nevertheless, the longer you plan to hold BT shares, the greater the risks you take. And if you buy £3,000 to £5,000 worth of the shares, you have to hold them for at least three years to reap the full benefits of the vouchers or bonus shares, as explained last week. Your date o fsale will then be just before or just after the next election.

For the more sophisticated investor, however, there are ways of laying o ffthe risk of a fall in the BT share price. For example, you could buy put options (and possibly sell call options at the same time) on BT shares which would protect your investment. The best way of doing this will be to use the traded options market of the Stock Exchange, if and when BT gets a quotaation.

The selling of British Telecom Page 19

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YOUR SAVINGS AND INVESTMENTS

Banks wave red rag

George Graham takes a looks at the charges that enrage bank customers.

BANK CHARGES are a red rag to customers who resent paying for their current account services while receiving no interest on the sums they leave with their banks. Barclays Bank's announcement of new and generally higher charges has waved that rag under their noses once again.

Under the new set of charges, Barclays will join NatWest in levying a £3 quarterly fee in addition to fees for each transaction. But fewer customers will have to pay charges at all. Free banking will continue to be offered to those with a minimum of £100 at all times in their accounts, but will also be extended to those who keep an average of £500, even if they sometimes drop below £100.

Bank charges may not be quite as unfair as they appear. Barclays says the new scale of fees will still cover only 35 per cent of the costs of its personal banking services. Before, Barclays says, it covered only 30 per cent, although this takes no account of the use the bank can make of your money.

Putting higher charges on customers with smaller balances, whose accounts are the most expensive to service, seemed, according to the bank, the fairest way to apportion costs.

Barclays estimates that 50 cent of its personal customers will now pay charges, against approximately 56 per cent under the earlier tariff.

But not everyone who becomes liable for bank charges—because their account falls below £100 and does not maintain an average of £500—will in fact end up paying for banking services. Barclays, in common with the other clearing banks, calculates a notional interest payment on the balances the customer keeps, and offsets any bank charges against this.

The charges that are incurred will be reduced or eliminated by this allowance unless the account goes into the red. But the interest can only be credited against charges, and will not be paid out to those who have not incurred any fees.

Most banks are seeking to encourage customers to use their automated teller machines (ATMs) by charging less for machine withdrawals than for cheques. Lloyds, for instance, deducts 30p for a cheque if your account is liable to charges. For Cashpoint withdrawals the fee is only 20p, and this may cover up to four withdrawals in a day.

Barclays, however, does not have a two-tier fee system, and charges 26p for both cheques and ATM withdrawals.

One other way of avoiding bank charges is through opening a deposit account at the same bank.

	Barclays	Lloyds	Midland	NatWest
Quarterly charge	£3	—	—	£3
Cheque fee	26p	30p	28p	29p
ATM withdrawals	26p	20p a day	15p	12p
Minimum for free banking	£100 or £500 average	£100	£100	£100
Notional allowance	3%	4.25%	3.25%	3%
Customers who pay charges	50% est.	50%	50%	55%

WOULD YOU like your salary to bep aid only nnce every six months? Unit trust managers think not, and they have started offering investment plans which yield a regular monthly, rather than balf-yearly, income.

For most management gronps this means putting together a portfolio of between three and six income trusts whise distributions will be spread evenly around the year. Two groups, Touche Remnant and Framlington, however, offer single unit trusts with monthly income distributions.

Benchmarks in the monthly income field are provided by National Savings Income Bonds, now offering 12.75 per cent gross, and by building society notice shares, which may pay up to 10.25 per rent net of basic rate tax.

For unit strusts the aim is not so much to match these yields today as to offer a steady flow of income along with prospects for capital growth; and with capital growth comes the chance of higber income in years to come.

Not all unit trust managers are enthusiastic about the mnnthly income business: Running a portfolio to ensure that monthly distributions are evenly covered is tricky, and the administrative costs can prove punitive. "It costs six times as mucb to send 12 cheques a year as two," commented Tim Miller, marketing director of Framlington.

Miller believes he bas conquered this problem with the Framlington Monthly Income Fund, launched last month. The group will reduce postage costs by paying the monthly distributions directly into the unitbolder's bank account.

A bank account is a condition of membership in the fund, and Framlington has incorporated an unusual elause in its trust deeds permitting the managers *compulsorily* to repurchase units from any investor not meeting this requirement.

Framlington is linking its product directly to the National Savings Income Bond, and is recommending a combined investment to give a balance between immediate income and future growth. Equal investments in the bonds and in the Framlington fund will currently give a combined gross yield of 9.875 per cent.

Touche Remnant, however, whose TR Income Monthly Fund is now nine years old, aims at the building societies market. £10,000 invested in the fund at its launch in 1975 would, the group says, have received total income net of basic rate tax of £9,582 (compared to £6,886 from a building society ordinary account) and grown in capital value to £22,140.

While distributions can be paid directly to the unitholder's bank, this is not compulsory. But Alan Wren, managing director of Touche, Remnant Unit Trust Management, says that administrative costs are kept down by the large average size of boldings.

The fund now totals around £1.75m, and has benefited from the general resurgence of income funds as compared to growth funds. In recent weeks, too, Wren feels interest has increased partly as a result of the

Bills arrive with terrible regularity. **George Graham** shows how to keep pace with them

Unit trusts go for monthly income payments

	Minimum investment £	Estimated gross annual yield %
National Savings Income Bonds	2,000	12.75
Touche Remnant	1,000	8.3
Framlington	2,000	7.0
Abbey	5,000	7.26-8.28
Arbuthnot	600	10.44
Barclays Unicorn	5,000	4.45 and 5.92
Britannia	5,000	8.33
Chieftain	10,000	8.0
Fidelity	1,500	6.7
Gartmore	1,000	8.46
Henderson	2,000	7.41
M & G	2,500	7.69
Save & Prosper	5,000	8.27
Target	1,000	8.5
Towry Law	6,000	6.3

Framlington launch.

Most unit trust groups offer monthly income by using a combination of existing income trusts, whose distributions are spread over the year. At its simplest, this scheme means that the investor will receive approximately monthly a payment that will vary according to which fund's distribution is due.

Some groups, however, will ensure that payments are made on a particular day of each month, or will design the portfolio so that each month's payments will be as near equal as possible. Others will include a larger gilt element in order to maximise income.

The three Monthly Income Portfolios recently launched by Abbey Unit Trusts illustrate some of the options. All three are based on the same funds—Abbey's Gilt & Fixed Interest, High Income Equity and Worldwide Bond trusts—but in different proportions to achieve different investment goals.

The total return portfolio, described by Abbey managing director David Glasgow as the favoured option, includes a larger holding in the High Income Equity fund to give greater capital growth prospects.

The level income plan has a larger Worldwide Bond element to even out monthly payments, while the Trustee status portfolio includes 50 per cent in Gilt and Fixed Income.

Save & Prosper adds a further refinement by including in the scheme a high interest deposit account with its parent Robert Fleming. All distributions from the five unit trusts that make up its monthly income portfolio are paid into this account and then passed on in equal monthly payments to the investor, together with any interest accrued.

You construct your own portfolio to provide monthly distributions. Without the constraint of picking unit trusts within only one management group, it is possible to choose six income funds whose half-yearly distributions fall evenly over the course of the year.

This is what Towry Law, insurance brokers and financial advisers, has done with its High Rise Income Portfolio, chosen both for the merit of the component funds and for the dividend spread.

The portfolio is a pure equity investment, including Brown Shipley Income Fund, Framlington Income Trust, GT Income Fund, M & G Conversion Trust Fund (Income), Perpetual Group Income Fund and Schroder Income Fund.

Since the portfolio was started in June 1982 capital growth has been 51.5 per cent, and the yield on an initial investment made then is now 9.3 per cent. Investors seeking a higher initial income at the expense of capital appreciation prospects could substitute holdings in some of the higher yielding gilt funds.

Some fund managers, however, are lukewarm towards the monthly income game.

Fidelity launched its monthly income plan in May, when the start of its American Equity Income fund gave it a third income fund with quarterly distributions. It sees the plan primarily as a service to its unitholders, and has not found outside interest to be very strong.

A note of caution is injected by Adrian Collins, managing director of Gartmore Fund Managers. He says that many people are returning to unit trust monthly income plans as their fixed interest deposits expire and they find that they cannot get 12 per cent rates any more.

"I hope we are not attracting the wrong sort of person who does not realise there is a capital risk involved," said Collins. "If we do start doing that, it bodes ill for the future."

Those who do not wish to undertake any capital risk have the options of building society accounts and National Savings Income Bonds.

The Income Bonds now pay 12.75 per cent, and the terms for withdrawals have also been improved. They may now be cashed in at three months' notice and without loss of interest provided they are held for at least one year.

Among the best building society rates now on offer are 10 per cent and immediate access for investments over £5,000 at Cheltenham and Gloucester, 10.25 per cent with three months' notice at Paddington, and 10.25 per cent on three-year term shares at Chelsea.

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.75	8.75	9.28	Seven-day account
			9.76	Higher interest acc. 90 days' notice or charge
			6.50-9.05	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.75	8.75	9.30	7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. ½-yrly, mthly incm optn if bal £1,000+
			9.50	Bank Save. Bal. of £2,500. Current account
Anglia	7.75	8.75	9.80	3-year bond. No notice, 3 months' penalty
			9.80	Capital share. No notice. 1 month's penalty
			9.30	7 days' notice. No interest penalty
Barnsley	7.75	9.50	9.65	Special Inv. 9.85 2 years 9.65 mthly inc.
Birmingham and Bridgwater	8.00	9.25	9.38	5 days' not. or 20 days' int. pen. for imm. wdl.
			9.86	90 ds. shrs., 90 ds. nt. or 90 ds. pen. for im. wdl.
Bradford and Bingley	7.75	8.75	9.50	Premium Access. On demand, no penalty
			9.75	Extra Interest—1 mth.'s notice or 28-day pen.
			9.55	Extra Income—1 mth.'s notice or 28-day pen.
			9.80	High Income—3 mths.' notice or 90-day penalty
Britannia	7.75	8.75	9.30	7 days' notice. 9.55 28 days' notice
Cardiff	9.30	9.40	9.80	90 days' notice penalty if balance under £10,000
Catholic	8.00	9.00	10.00	Jubilee bond. Min. £1,000. Monthly income
Century (Edinburgh)	8.85	—	9.30	permanent 2/3 years or variable
Chelsea	7.75	8.75	10.25	3 years, immediate withdrawal interest penalty
Cheltenham & Gloucester	—	8.75	—	Gold. No Not. No Pen. Under £1,000, 7.75; Over, 9.57 £5,000+, 10.00 mthly interest added
Citizens Regency	8.00	—	9.20	7 days. 9.00 monthly income
City of London (The)	8.00	8.75	9.85	3 months' notice—no penalty—monthly income
			9.55	21 days' not. im. access for amnts. over £10,000
Coventry	7.75	9.00	9.60	Money Maker £20,000+, 9.35 £5,000+, 8.75 £1,000+. Instant acc., no pen. Mnthly. inc. opt. 10.00 2 yr. bond £1,000+, close 90 days' notice pen., mthly. inc. opt., G'teed 2.25 diff.
Derbyshire	7.75	9.00	9.80	90 ds. not. Triple Gold 9.00, 9.50, 9.60 28 ds. not.
Gateway	7.75	8.75	9.40	Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.82 if added to account
Greenwich	7.75	—	10.00	90 day a/c (7 day a/c 9.25-9.75 subject to bal.)
Guardian	8.00	—	10.25	6 months, 10.00 3 months, £1,000 minimum
Halifax	7.75	8.75	9.30	7-day Xtra, 7 days' notice, no penalty
			9.55	28-day Xtra, 28 days' notice, no penalty
			9.80	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.75	9.00	9.80	90-day notice, 9.30 5-day notice
Hemel Hempstead	7.75	9.25	10.00	2 years, 9.65 28 days, 9.85 3 years
Hendon	8.90	—	9.50	7 day acc. 9.75 1 month. 10.00 3 months
Lambeth	7.90	9.00	9.60	7-d. a/c, 10.25 Magnum a/c 6 wks. & loss of int.
Leamington Spa	7.85	—	9.00	Spa Income, 9.25 Lion Sh., 9.75 1 yr. term var. int., 9.00-10.00 Spa Plus, bonus of 50%, 75% + 1% after each successive complete yr. acc. is open. No notice or interest pen. for early close
Leeds and Holbeck	7.75	9.50	9.55	Monthly int., 9.80 28 days' not. or pen. Neither if £10,000 still in a/c
Leeds Permanent	7.75	8.75	9.25	Liquid Gold no not. no pen. HRAS 9.8 3m. not.
Leicester	7.75	8.75	9.30	£500+ im acc no pen 10.25 comp 3 yrs £2,000+
London Permanent	8.25	—	10.25	3 yr im. imm wdl 90 days pen. £10,000+ no pen
Midshires	7.75	9.25	10.00	5-year term. 90 d. notice & pen. (3, 4 yr. optn.)
Mornington	9.10	7.50	—	Prompt withdrawals—no penalty
National Counties	†8.05	9.05	10.15	90 days' notice, no penalty. † £1,000+
National and Provincial	7.75	8.75	9.80	90 days' notice/pen. unless bal. stays £10,000+
			9.55	28 days' not., 9.30 7 days' not./penalty as above
Nationwide	7.75	8.75	9.80	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.80	Bonus-90, 90 days' notice/penalty
			9.55	Super bonus. 28 days' notice/penalty
			9.30	Bonus-7, 7 days' notice/penalty
Newcastle	7.75	9.00	9.25	90 days' notice, 9.00 28 days' notice
			8.75	7 days' notice. On demand with penalty
			10.00	2 year term access with penalty
Northern Rock	7.75	9.00	9.35	Moneyspinner plus £500 or over
			9.60	(£5,000-£19,999); 9.85 (£20,000 and over) 7 days' notice withdrawal, no penalty
Norwich	8.00	9.25	9.50	New City Acc. Immed. withdrawals no penalty
Paddington	8.25	9.75	10.00	1 mth.'s not. or 1 mth.'s int. loss on sums wdo.
Peckham	8.50	—	9.75	imm. withdwl. if over £2,000. Monthly income
Portman	7.75	9.25	9.50	No notice. 9.75 2 months' notice
Portsmouth	8.05	9.55	10.20	3 years, 10.00 6 months, 9.75 1 month
Property Owners	8.25	9.50	9.50	7 dys., 9.65 28 dys., 9.85 6 mths. Effective Oct. 1
Scarborough	7.75	9.00	9.75	2-year limited share, 1.75 guaranteed differntl.
Skipton	7.75	9.00	9.85	Sovereign £10,000+, 9.60 £500-£9,999. Monthly inc. 9.60 min. inv. £2,500. Inst. access no pen.
Stroud	7.75	9.00	9.35	3 months, 9.10 £10,000+, no penalty, no notice
Sussex County	7.75	9.25	7.75	up to £2,499, 8.00 £2,500+, 1 mth.'s notice 9.00
Sussex Mutual	8.25	9.80	9.50	Over £5,000 imm. wdl. Under £5,000 7 days' not.
Thrift	8.40	—	9.40	3-year term. Other accounts available
Town and Country	7.75	8.75	10.00	90 d. not. or pen. No not./pen if bal. £10,000+
			9.50	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.60	—	—	—
Woolwich	7.75	—	9.30	7-day account, 7 days' notice
			9.55	Monthly Income Account. 28 days' notice/pen.
			9.80	90-day account, 90 days' notice/penalty
Yorkshire	7.75	8.75	9.80	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

YOUR SAVINGS AND INVESTMENTS

Attractive yields for high rate taxpayers

Dina Thomson looks at index-linked savings certificates.

THE National Savings Department is taking a breather. After a heady five weeks of hogging the limelight with a savings certificate paying investors a guaranteed 9 per cent per year tax-free over five years, the Department has retreated from centre stage.

Its 29th issue savings certificate, which went on sale this week, guarantees the investor 8 per cent per year tax free if held for the full five years, and brings the products offered by the National Savings Department into line with other choices available to the investor.

As with other National Savings Certificates, you can invest up to £5,000 in the 29th issue. Its repayment value increases at the end of the first year and at the end of each months. But if you cash in the certificate during the first year, you forego any interest.

Leaving your money tied up for five years at a guaranteed tax-free 8 per cent return remains attractive if you are a high rate taxpayer.

In this case, however, you may want to invest more than the £5,000 limit (or £10,000 per couple) offered by the 29th issue, while still clinging to a tax-free return.

Index-linked savings certificates—more familiarly known as "granny bonds"—offered by the National Savings Department allow a maximum investment of £10,000 per person and provide a similar return to the 29th issue.

If you buy index-linked certificates before the end of this month, you will earn 3 per cent over and above inflation, provided you hold them till at least November 1 1985.

Assuming inflation stays at a minimum of 5 per cent, that amounts to a tax-free, guaranteed return of 8 per cent. If you now hold "granny bonds" and do not cash them in before November 1, 1985, you will earn the current rate of 2.4 above inflation until the beginning of next month, after which your investment will start earning interest at 3 per cent in real terms.

Those who want easy access to their money and do not want limits on the amount of their investment should look once again at the gilt-edged market.

Index-linked gilts are still an obvious alternative for the investor, and although prices rose sharply last week, they have eased somewhat since.

If you believe inflation is going to fall below its current level of 5 per cent, it would make sense to look elsewhere. But if inflation is going to rise much above 5 per cent, index-linked stock such as Treasury 2 per cent '88 remains attractive fo rhigher rate taxpayers.

If you a r e a basic rate taxpayer, do not ignore National Savings income bonds, which currently offer an interest rate of 12.75 per cent gross. This amounts to 8.92 per cent net at 30 per cent tax.

Although interest on the bonds is subject to tax, it is paid out in full without deduction at source. The minimum holding is £2,000 and the maximum £50,000.

NET REDEMPTION YIELD AT VARYING TAX RATES

	%	%	%	%
Investment	30.00	40.00	50.00	60.00
National Savings 29th issue (over full five years)	8.00	8.00	8.00	8.00
National Savings Index-linked Certificates bought before Nov '84 (assuming 5% inflation)	8.00	8.00	8.00	8.00
Transport 3% 1978-88 (Government security)	9.23	8.85	8.47	8.09
Index-linked Treasury 2% 1988 (Government security) (assuming 5% inflation)	8.96	8.75	8.54	8.32
National Savings Income Bonds (interest paid without deduction of tax at source)	8.92	7.65	6.37	5.10

Source: Phillips & Drew.

Tax guides

TAX REGULATIONS are apt to look impenetrable to those who do not have professional tax planning advice.

Do you think your Paye coding is wrong? "A Tax Guide to Pay and Perks," by Bill Packer and Elaine Baker of Touche Ross, shows you how to check, and what to do about it.

The book is a paperback update of the authors' "A Tax Guide to Remuneration and Benefits," and includes a new section on the approved share options schemes for employees introduced in the 1984 Finance Act.

With private home ownership now at 60 per cent and increasing by 1 percentage point a year, the other area in which you are most likely to run into tax problems is your house. To answer your questions, the Alliance Building Society has sponsored the "Alliance Guide to Tax and Your Home," by David Rothenberg of accountants Blick Rothenberg and Noble.

Anyone buying the book will be able to follow up with their personal questions, and receive a written answer from Alliance or Rothenberg for a fee of £11.50.

Competitive banking

THE FIELD was opened by the Save & Prosper/Robert Fleming account, and now more and more finance groups are offering high interest bank accounts with some or all of the features of a High Street current account.

One new arrival is the Dunbar Master Account, operated by the Allied Hambro banking subsidiary Dunbar & Co. Initially offered only in conjunction with the Allied Hambro Financial Management Programme, the Master Account is now available on its own with a minimum initial deposit of £1,000.

In addition to a cheque book, the Dunbar Master Account offers a Visa card. The average customer would also qualify for an overdraft of £4,000 at 2½ per cent over base rate.

The account is initially being marketed by direct mail, and Dunbar expects to attract customers to one or two elements of the package, especially the overdraft facility. It hopes that they will then be lured on to other elements of the Financial Management Programme, such as investment administration services.

Charges appear steep when compared to a clearing bank account—£2 a month and 30p per transaction, though the first five in any month and any with- in the Allied Hambro group are free. But interest is currently being paid at 8 per cent on sums below £1,000 and at 10.5 per cent on balances above that level.

Does this kind of account offer a complete substitute for a high street bank account? David Backhouse, managing director of Dunbar and Co. thinks so, and says he has found it possible to do all his own banking through his company's Master Account.

"This is remote banking," Backhouse said. "But you can draw cash through any Visa outlet and from banks like Williams and Glyn."

It is not, however, at the moment possible to make cash withdrawals from automated teller machines (ATMs), and this could be the area in which the clearing banks have the edge.

Cash machines are accounting for a growing slice of the banks' business. At Lloyds, for instance, there were 39.1m Cashpoint withdrawals in 1981. By 1983 this had grown to 59.7m and in the first eight months of this year 46.1m withdrawals had already been made.

George Graham

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YOUR SAVINGS AND INVESTMENTS

Eric Short reports on a new adiusory service

Bright light in pensions fog

COMPARATIVELY few employees really understand their company pension scheme and the benefits provided despite—or perhaps because of—the explanatory booklet given to employees when they join the scheme.

Many pension scheme administrators seem unable to explain clearly and concisely to employees their rights and benefits, particularly to those employees leaving their service.

These are the ingredients for annoyance, frustration and a sense of grievance among employees who feel they are not receiving either their proper entitlements or an adequate explanation for the action being taken by the scheme trustees.

Cases coming to the notice of the Occupational Pensions Advisory Service Opas highlight what can go wrong when communications break down between scheme administrators and employees or former employees.

Case 1—A woman left her employer in December 1981. In July 1983 she received her first communication from her former pension scheme. This gave her a choice of a full deferred pension or as maller pension and a partial refund of contributions. She opted for the latter, but six months later she had still not received the refund.

Case 2—A former employee, made redundant four years previously, claimed unsuccessfully to obtain early payment of his deferred pension because of ill health. For widows and widowers the difficulties can ge greater still, simply because they may never have been told or had explained to them details of the pension scheme.

Case 3—A widow, who had been separated from her husband, had received written confirmation that child benefits were due to her children from her husband's scheme as from a particular date. The date had since passed, but she was still waiting for payments.

These claimants would until recently have had very few means of redress beyond pestering the particular administrators, writing to MPs or contacting the nearest Citizens' Advice Bureau. Even then, scheme administrators could ignore inquiries pursued on behalf of the claimant or delay the claim through bureaucratic procedures.

But for the past year, the Occupational Pensions Advisory Service has been in operation with the purpose of helping individuals sort out their company pension problems. It is the brainchild of Margaret Grainger, who during her employment as secretary of the Occupational Pensions Board, learnt at first hand the human problems that can arise between employees and administrators.

On her retirement, she set up an advisory service that would help individuals sort out their pension grievances. She and her band of helpers went on a fund raising exercise to get Opas off the ground—£5,000 from the National Association of Pension Funds, £2,000 from the Associated Scottish Life Offices, sums from individual life company members of the Life Offices Association and certain trade unions.

The amount raised just under £10,000—looks pitifully small to finance a nationwide operation. But Opas has recruited a countrywide network of volunteer expert consultants—mainly retired pension consultants or pension scheme administrators—whose only reimbursement is out-of-pocket expenses.

The Industrial Society has provided many services free of charge and office accommodation had been provided free.

On this shoestring finance, Opas has been able to deal with nearly 300 cases in its first year, using the Citizens' Advice Bureaux as the main channel of communication.

Its effectiveness can be seen by the manner in which the three cases detailed earlier were handled.

Case 1—The local Opas consultant met the woman concerned, verified the facts of the cas e, and then wrote to the scheme administrators on her behalf. The amount due was paid immediately and a letter of apology for the delay sent to Opas.

Case 2—Opas through correspondence with the scheme administrators, confirmed the entitlement to an early pension, on an actuarially reduced basis and an agreement to make the pension payments.

Case 3 — Correspondence between Opas and the scheme concerned resulted in matters being settled satisfactorily.

Opas is now ready to expand its services and Margaret Grainger wants to put the service finances on a sound hasis. Opas is now registered as a *charity* and *she* is seeking donations on a covenanted hasis from all organisations involved in company pensions. She regards £22,000 as the minimum necessary to get permanent accommodation and secretariat. It seems little enough to ask from a £120bn industry.

Opas is not an arbitration service, nor is it ever likely to be despite calls from the Consumer Council for a Pensions Ombudsman. The ultimate responsibility for administering pension schemes lies with the trustees and they cannot have decisions imposed on them from outside except by the courts.

But it can achieve much simply by quiet persuasion and pointing out the facts and merits of individuals cases to scheme administrators.

Miss Margaret Grainger, Opas chairman

John hits the electronic jackpot

BY STEPHAN WAGSTYL

IF EVER an investor made his own inck it is Mr John J. from Huddersfield.

John, a 56-year-old painter and decorator with his own business, picked one of the most recent years— A. B. Electronic.

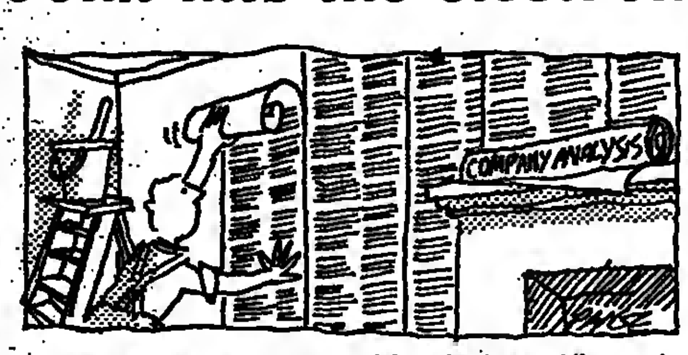
He put £18,000 into stocks in 1981 at an average price of 130p and watched them rocket to an equivalent of £15 to £16 in three years, valuing his stake at £150,000.

It was the star performer of a portfolio which altogether rose from about £50,000 to ahout £300,000 over the same time.

The portfolio was chosen with an immense amount of preparation. John started investing in the early 1970s with some spare capital from his business. He invested in as manyes 50 different stocks, a few hundred pounds in each.

"I wanted to spread the risk but I realised this was a mistake," he said.

On the advice of his stockbroker he began researching companies in depth, using Extel's information cards. He



borrowed great armfuls of cards from the hroker to ead in his spare time.

"I decided there was only one sector for me — electronics. I took all the cards on half the shares in the sector on holiday with me."

He looked for good profits, good products and good management. But he also tried to spot companies which seemed cheap.

"To me, AB was changing on to the fast lane, out of low into high technology, while running down its traditional business of domestic components. It was buying into high technology via separate small companies. The company was making a much quicker turnaround than most people considered possible."

He remembers telling his stockbroker that this was "the big one." The hroker was sceptical at first. "However, when the share started to rise he asked to horrow my research material and nbviously liked what he saw, started to recommend them and presented me with a smoked salmon."

John's impression turned out to be spectacularly correct. AB's market capitalisation shot from £5m to almost £100m. The company began making electronic parts fo ra wide range of industries, from cars to aerospace.

He is convinced that the company has further to go, though the shares are now off their peak. "If I thought they'd gone ex-growth I'd sell."

John has another four electronics companies in his portfolio—Pressac, Highland Electronics, Forward Technology and Arcolectric, the last hought only this year.

The other half of his portfolio, which is only ten companies all told, includes three plastics companies and "no metalbashers."

Perhaps the strangest is Somic, Lancashire maker of woven paper. John has built up a 3½ per cent holding in this tiny company, originally chosen because the shares seemed very cheap in relation to the assets.

John visits Somic once a year for the annual general meeting and a lunch with the directors.

He also has about £120,000 invested in various annuities which will eventually provide for his retirement. But it is the stock market in which he invests all his spare time.

PROPERTY

Agents try to reduce the agony

BY JUNE FIELD

SELLER OR BUYER, are you happy with your estate agent? And if you are not, what is the professioo doing about it?

The recent Which? report showed that only about a quarter of the people who used an estate ageot were really dissatisfied with the service they received, although for sellers, the biggest moan was over the fees they had to pay.

Whireheads and Braxtons, south coast agents who have recently joined forces, carried out a survey of 202 former customers, and 53 per cent of the veodors interviewed admitted that they were influenced by competitive rates of commission.

Interestingly, only 19 per cent cared whether an agent belonged to a national network of agents, aod a resounding 91 per cent eventually sold through an estate agent; but 12 per cent of the buyers had to contact 16 or more agents before they fouod what they wanted, which would seem to show that there is a need for multi-listing.

Currently all estate agents run a straightforward operation, aiming to pay their way out of commission income, reminds the curreot journal of the National Association of Estate Agents. They report that the latest estimate is that estate agents share a £800m market with 71 per ceot coming from residential sales.

Most agents quote a percentage commission, with a fairly wide variation—anything from 1¾ per cent to 2¾ per cent for sole or joint agency, which on a £35,000 house works out between £604 to £1,006, and on a £60,000 place, £1,035 to £1,725, all plus VAT. For a multiple agency, commission can go up to 3 per cent, although vendors do not always quibble at paying more if it produces a buyer swiftly.

The important thing is to find out whether the fee includes advertising a property, in what media, and how often. The Which? report found that north of a line from Bristol to Norwich, fees were generally lower than south of this line.

It is possible to ge discounts on commission. Abbey National Property Service, with 900 agents round the UK, have a 10 per cent reduction on the fee for a sole agency instruction, but you already have to save or borrow with the Abbey National Building Society to qualify.

Blick Horse Agencies, a subsidiary of Lloyds Bank, with 160 offices, proce a leaflet How to save 10 per cent on Estate Agents' Fees, available from Terri Harman, public relations, Lloyds Baok, 71 Lombard Street, London EC3. You get the discount back in cash after the agent has been paid his fee.

Or, of course, there are property shops and alternative selling services where a flat rate is usually charged. Or you can go it on your own, bearing all the promotional costs yourself.

"But really the public never properly appreciates or understands the efforts that go into selling a home," contends Richard Williscroft, partner in Pearsons founded nearly 150 years ago, with their senior partner Roger Pearson desceoded from the founder. (Their 30 residential offices covering southern England offer between them a total average of about 2,500 porperties, and they say they handle over 1,000 housing inquiries a day).

Mr Williscroft points to the volume of abortive work involved when vendors and purchasers change their minds, and sales fall through, as about one in four transactions do these days. "All of this with oo commission charged whatsoever. And sometimes about half a year can be written off trying to synchronise sale and purchase."

In their new staff magazine Link, the firm hammers home what should be done to keep the customers happy, which includes being a mixture of psychologist and universal aunt. "Apreciate the strain and emotions of moving, and make allowances. Keep in close touch with both sides, making sure that the source of any delays is unedrstood.

Pearsons also advise their staff to write to the seller's solicitors as soon as they get instructions to sell, and not to wait until an offer is made and accepted. "Considerebl time could be saved if contracts were ready to send out as soon as a sale is agreed. Standard pre-contract inquiries and searches should also be dealt with, and updated where necessary."

The firm are also convinced that the vendor should get an independent standardised survey done at the outset, to be made available as required to the purchaser's solicitors, building society or bank.

As for purchasers, their mortgage-rating should be checked at the outset to avoid disappointment, and if they need a bridging loan, Pearsons suggest that the banks should lend on preferential terms. "Perhaps with Government backing so that the whole house-transfer process would be speeded up, and chains avoided," says Mr Williscroft, who would like to see all expenses connected with moving made tax allowable, and stamp duty abolished. "Then more people would be prepared to relocate are better opportunities for employment."

The 17th century, five-bedroom, two-bathroom house, "Pomeroy," in 4½ acres in Gittisham, Devon, has a swimming pool, guest annexe and stabling, and is on offer for about £150,000 through John D. Wood, 61 East Street, Taunton, Somerset (0823 78111).

Shambles over a name

THE TERM estate agent has become a misnomer, as it was originally applied to a firm who literally looked after estates, reminds R. C. Goldsmith in a somewhat acerbic little booklet *Britain's Estate Agency Shambles*, £1.90 from the author at Jewell Printers, 14, Gleneagle Road, London, SW16.

Mr Goldsmith, Fellow of the Corporation of Estate Agents, with a firm in South London since 1959, wants those whose main business is selling, rather than surveying or valuing, to be called Property Transfer Agents.

"In the hopeful event that for the puropses of clarification the term Estate Agent became obsolete, Chartered Surveyor firms whose main business is surveying should be called surveyors, and add to their letters Agents if they manage property, Valuers if they manage property, and any other professional side-lines they are allowed to operate. All other estate agents whose main line of business is selling should be called 'Property Transfer Agents.'"

Mr Goldsmith says that it is the costs in property transfer that caused him to go into print, and draws attention to the number of people employed in house. "There is the estate agent, solicitor for vendor, the purchaser, and the mortgagee, plus the surveyor for the mortgagee as well as the purchaser.

GARDENING

Blooming Liverpool success

BY ARTHUR HELLYER

THE SHOW is over and the gates of the Liverpool International Garden Festival closed for the last time a week ago. Well over 3m people, many from overseas, have visited it and it has vindicated all the high hopes of its organisers.

Japan's entry was judged the best international garden in the show, Britain's garden won the award for the best design, West Germany the award for the best landscape construction and China had the best pavilion.

In fact there were two Chinese pavilions and I don't think the judges made it at all plain which they preferred. I cannot blame them, for to me they were both equally beautiful. They will remain for all to admire as gifts from the Chinese to the British people as will the Japanese garden and long canal punctuated by fountains, the very distinctive Indian garden with its rising terraces and falls.

The great exhibition hall, which has been so much admired, will also remain and the whole site will become a public park cared for by the Liverpool parks department which has already demonstrated its quality in splendid bedding displays and a fine exhibit of tropical parks in the International Pavilion, a lovely glasshouse which must now be demolished. I have no doubt that Liverpool will care well for its new park and that it will be admired for generations to come as a remarkable example of large-scale landscaping in very difficult circumstances and times.

However, today it is not of the Liverpool Festival that I want mainly to write but of one of its less publicised features which has given a great deal of pleasure and inspiration to visitors and seems to me to point the way in which many small gardens might be rewardingly developed. This is the garden of the Alpine Garden Society which combined, in an area no larger than that of many a suburban garden, all the principle ways of cultivating rock plants.

Plants were growing in a conventional rock garden, in numerous raised beds, in stone troughs, in blocks of porous tufa rock and in pots and pans which were displayed, when in flower, in a small greenhouse. There was something for everyone. The stone troughs and tufa blocks could be placed on balconies, in yards or on roof gardens if no other place were available for them. Tufa blocks do not even require soil since it is only necessary to drill out holes for the plants in the soft rock and press them in.

Because drainage is perfect and conditions spartan, many quite difficult plants can be grown and they remain very small and compact as they would do in their native mountains. If plants are grown in containers the soil mix can be varied to suit each kind and, when not in flower, they can be kept in a frame, the greenhouse being reserved for display. That used at Liverpool was of a size that is sold in thousands to home gardeners with no special frills or fittings.

Every plant in this delightfully varied garden — and there were hundreds of them — looked in good condition. No doubt that was partly due to the care of two members of the Alpine Garden Society, who came daily from their home in the Wirral on the other side of the Mersey to keep the garden in good order and to talk to the thousands of visitors, many of whom had never seen anything of this kind. But though some rock plants are difficult to grow a great many are easy and plenty of good advice is available.

Two great advantages of rock plants are that most are small and hardy. Smallness means that a considerable number can be grown in quite a small place. Many rock garden enthusiasts live in towns and cities where their gardens are tiny but their horizons are wide.

I have no idea how many varieties of rock plants are in cultivation in Britain but it is certainly many thousands. Not all these can be purchased in nurseries but the Alpine Garden Society members are enthusiastic gatherers of seed and, through the society, seed is made available to all members so that they are able to grow plants unknown to the general gardening public.

But even without being a member of the society, and simply by purchasing plants, seed from nurseries, garden centres and seed firms, it is possible to make a big collection of rock plants. One can specialise: if one feels so inclined, perhaps growing as many as possible of the species and varieties of a few selected genera or confining one's interest to the rock plants of a particular region, or one can cast one's net widely to embrace the whole world in one's garden.

TRAVEL

Arthur Sandles views skiing fashion. **Carla Rapoport** discusses where to stay

Style for the snow

IT SOMETIMES seems that fashion is as mnch a subject of fear on the ski slopes as icy patches. No one wants to be caught wearing the wrong gear. In the past few years, bowever, it looked as if the problem had lessened a little. An easy-going attitude had crept into clothing. But, just as you thougbt it was safe to venture back on to the piste, there bas been a revolution. The whiff of fashion in full force is in the air.

You can blame three factors—quite apart from the desire of clothing manufacturers to sell more gear.

First, there is an apparent consumer demand for the curreot High Street leisure look of floppy over-sized clothing to be transferred to the slopes; then there has been the skier realisation that several layers of thin material can be warmer than one or two layers of thick; and finally there has been the discovery of new materials, notably Thinsulate from 3M and Tactel from ICI.

The result bas been quite remarkable. In the medium to upmarket ski shops this year there is bardly a trace of the buge puffy fibre-filled creations of a couple of yearsa go. The Michelin man look is now definitely deflated. Meanwhile, bowever, the cbeaper sbops and chain stores are packed still with fibre-filled offerings. This suggests that on the slopes this season money, or lack of it, is going to show.

ICI's Tactel fibre seems to be everywhere. It was launched about a year ago to meet demanda for a fabric which looked like easy-going cotton butw hich had the strength and performance needed in sport and ontdoor activities. Another fabric name yon will see a great deal of is Goretex which, to my tonch and feel, is the stiffer, more rugged, natured of the two and tends to be used in somewhat more tailored looking outfits.

Although no particular coloor dominates ski wear this season many of the offerings have a sludgy appearance to them and white pops up more often than once it did. The one uniting factor is a proliferstion of patch or ponch pockets picked out in a different colour.

The one *thing that might* stop the whole family from rushing out to get togged up for the slopes is price. Tbe leap in style bas been accompanied by a matching jump in price. Even C&A's ski jackets are mostly in the £30-£40 range this season.

If you move up to the elevated beigbts of brand names like Ellesse or HCC then you are talking about £150-£200 for a suit, or even just a jscket (something costing that mnch could not be dismissed as an anorak or parka).

In the middle of the price range and offering aome of the best fashion at not too exhausting prices it Luhta clothing from Finland. Yo ushould find Luhta jackets for around £55, trousers around £40 and complete suits for just under £80. The outfits, which make wida use of Tactel, can be found in such outlets as Lillywhites, Snow and Rock, Fenwicks and Olympus Sport.

Londoners who want to do a quick round up of what is on offer could do worse than hrowse along Kensington Higb Street wbere Alpine Sports (with Heebter, Ellesse and Event among others), Snow and Rock (see Head and Lubta) as well aa C&A are a mere hop and a skip from each other. Alpine boasts by far the best brochure. C&A is still best for basic things like socks, gloves and underwear.

Beware, bowever, of this store's irritating habit of clearing out ski stuff just as the season *is getting going*—sbop early.

However, a glimpse at the equipment section of this shop alone indicated the problems of decision facing any skier needing new skis this winter. Alpine alone stocks 39 models, ranging in price from £69 for that evergreen beginner's ski, the Dynaster Visa, to £189 for a Fischer Vacuum Tec.

If yon are buying new skis, think in terms of reality rather than dreams. For most of us, lowland recreational skiers that is, one pair of skis is all we can afford. Tbose skis have to be used in all conditions from ice to heavy powder. Given those perameters no ski is perfect but sucb are recent improvements that most skis bave a mucb wider performance range than was the case even four years ago.

I nervously tried some competition grand slalom skis this *summer* (on Hintertux glacier) and was surprised to find them nowhere near as unmanageable as I expected.

The £1 that the latest issue of Ski Survey, the Ski Club of Great Britain magazioe, costs is well worth it for boot advice alone at the moment. Better still, join the clnb and get the magazine and a wide range of other belp (and discounts) as well.

WOMEN's donbles, men'a singles: (left) Bogner ladies jacket (£233.95) and trousers (£115.95); (right) Bogner man's one-piece (£375.95).

THE STYLE of the slopes in '84/85. This loose, easy going look is fairly typical of what is on offer in the skl shops at the moment. This Luhta outfit, using ICI Tactel fibre, costs aboot £34.94 for the sweatshirt and £42.95 for the ski jeans. Stockists inclnde Lillywhites and Olympus Sports.

Peak viewing time

AT RESORTS the world over, one can always find a small band of skiiers who, lika me, reject the challenge of flying down the mountain in the sbortest possible time.

Instead, we negotiate ski runs with the grim intent of defying gravity. Perhaps you've seen us . . . we always ski across the mountain, never down, and generally come to a halt after each traverse with our skia safely pointed uphill.

Our progress down the mountain is extremely slow, further hampered by the fact that our fvourite position for our skils is upright, propped against the wall of ao mountainside cafe.

As better skiiers whiz around us, they must wonder why we are bothering with the expense of skiing at all. The answer is simple: bebind every gravity-defying skiier is a ski-mad mate who refuses to contemplate winter without a week skiing at a top ski resort.

If one of you loves to ski *and the other doesn't, separate* vacations do not have to be the answer. Skiing tortoise-style can be fun—most of the best resorts *have easy runs right at the top* of the mountain and gentle paths down to the base. With all the patient coaching in the world, I've yet to improve by skiing, but the views I enjoy with my skiis pointing uphill are exactly the same seen by the hot-doggers flying past me.

Six years of winter holidays with a skiing maniac, however, have taught me a few things about ensuring the success of a winter holiday. First, book your holiday with friends—not casual friends, but good ones who appreciate your worth off skiis as well as oo. Next, pick a resort with an assortment of runs for skiiers of all abilities.

Just as importantly, book your holiday when the snow will be fresh and thick, generally February. Any earlier can mean not enough snow; any later can mean sticky, wet snow or ice.

Accommodation is also of prime importance for the mixed-ability skiing couple. In our six years we bave tried everything—first-class hotel with pool and sauna; self-catering flats; and this year, a chalet staffed by a young woman who cooked and cleaned. Of these three, cbalet living came out on top.

If you twist your knee and want to spend the day in bed, a botel room becomes small and depressing. Self-catering, we discovered, means eating out because everyone is generally too tired to cook. Otherwise, it means squabbling over the washing up.

A chalet holiday, however, provided you fill the place up *with your friends*, provides most of the comforts of bome with tbe convenience of being looked after by a youthful noo-*demanding mum*.

I had been reluctant to try a chalet, thinking that our meals would be served by a surly Alpine version of an overworked au pair. Surprisingly, the Britisb travel companies have become experts in finding young women who think that cooking meals for the privilege of a season's skiing is mostly fun, not work. This is just as well, as the "chalet girls" earn around £25 a week on top of food, board and free skiing.

The chalet atmospbere is much less formal than that of a hotel. The chalet girl eata dinner with her guests; ours seemed to care a great deal about what we ate and how we enjoyed it. The food was plentiful and imaginative, with an emphasis on local meats, fresh fruits and vegetables. The deserts were often elaborate, including chocolate-covered gateaux and pastries.

The chalets generally cost about 20 per cent more than a self-catering flat, but the luxury of fresh-brewed coffee waiting on the table each morning made the expense seem less important. In addition to providing simple breakfasts, the chalet girl also lays out a home-made cake for tea before setting off for her days skiing.

The young surrogate mum hst one day off a week, when guests are welcome to use her well-equipped kitchen or else try a local restaurant. The kitchen is also free for off-mountain lunches, provided one keeps it tidy.

Most cbalets we inspected in Verbier, Switzerland, offered stunning views of the mountains, useful for the days when a book felt more compelling than a steep slope. The bedrooms and bathrooms were of a comfortable size, but again, it's a good idea to book with friends.

Our trip was provided by John Morgan, part of the Meon group but Supertravel and Bladen Lines are among companies which also provide a wide selection of chalets.

Chalet holidays in Verbier are available from John Morgan (Meon House, Petersfield, Haots GU32 3JN) from £215 for one week. More typically you are talking about £379-£449 for two weeks in February or March.

BOOKS

Pioneers in flight

BY DENIS RICHARDS

No Longer an Island: Britain and the Wright Brothers 1902-1909
by Alfred Gollin. Heinemann, £18.00. 478 pages

During 1906 Alberto Santos-Dumont, the wealthy expatriate Brazilian already famous for his flights in dirigible balloons, made the first brief "powered hops" with an aeroplane in Europe. On November 12 he succeeded in travelling 722 feet and the following day the Daily Mail recorded the achievement only factually. Its editor was at once rung up by the proprietor, who gave him a lesson in journalism. "The news," said Lord Northcliffe, "is not that Santos-Dumont flew 722 feet but that England is no longer an island."

This story provides the title for Alfred Gollin's massive study of the Wright Brothers and the impact of their achievements on Britain. Professor of History at the University of California at Santa Barbara, and a distinguished specialist in early 20th century British history, Dr Gollin is the master of an easy narrative style. At the end of his first paragraph he sums up the importance of his theme epigrammatically: "The Battle of Britain began when the Wright brothers flew."

The rest of the book is by no means so terse. Much of it is a blow-by-blow account of how the Wrights, having solved the basic problems of powered controlled flight well ahead of their contemporaries, tried and for long failed to sell their invention to the British and other governments. In the past this failure has usually been ascribed to excessive secrecy on the part of the Wrights — playing their technical cards too close to their chests — and to the size of the sums they required. It is of course a fact that the Wrights insisted on a "contingency contract" before they would demonstrate their machine: if the machine fulfilled stated performance figures it had to be purchased. This wise precaution in a piratical world naturally proved a stumbling block to officials, especially when the price of the machine was at first geared, at £500 a mile, to the distance it might achieve in the demonstration. The British authorities were aghast at the thought of possibly spending as much as £25,000 to acquire a workable aeroplane when they could get an extra Dreadnought for a mere million.

Dr Gollin, however, makes it clear that there were many other factors in the repeated British failures to clinch a deal. Among these were the swift progress recently made with airships in Germany and France, and the desire of the Admiralty for a rigid dirigible for submarine detection; the reluctance of Sir William Nicholson, Chief of the Imperial General Staff, to believe that aviation was at that time sufficiently advanced to play any part at all in military affairs; and the ambition of the highly able Colonel J. E. Capper, head of the Army's Balloon Factory, to foster the invention of a more inherently stable aircraft by S. F. Cody or J. W. Dunne under his own auspices at Farnborough.

In skilfully tracing the various overtures and abortive negotiations Dr Gollin provides a splendid gallery of portraits. His well-sketched characters are not limited to the Wright brothers themselves and others in the world of aeronautics, such as the euphoniously named Octave Chanute and the British amateurs Major B. F. S. Baden Powell and Patrick Y. Alexander (in the Wrights' view, and apparently in Dr Gollin's, a technical spy for the British government). They also extend to well known public figures like Northcliffe, C. S. Rolls, Haldane and Arthur Lee.

Despite the length of his book Dr Gollin leaves us well short of what would seem to be its logical end. He stresses the impact of the Wrights' great flights of 1908 — when Wilbur, for instance, exhibited perfect control in a flight of 77 miles lasting two hours and 20 minutes — and he leaves us in no doubt that in the frenzy of subsequent aeronautical activity in Europe Britain was left far behind. It would have been interesting to follow this further and show, in terms of quality and quantity, just how serious this inferiority was when the crunch came in 1914.

Fortunately the French were on our side; even at the beginning the tiny RFC by its reconnaissance contributed notably to the successful retreat from Mons and the miracle of the Marne; and from 1916 under Lloyd George deficiencies were rapidly overcome so that by 1918 the RAF was the strongest air force in the world. Important opportunities were certainly lost by the British between 1904 and 1909, but, in the state of military affairs at the time, were they crucial ones?

It is difficult to believe that a stronger and more efficient British air force in 1914 would have prevented the outbreak of the war, obviated the terrible years of trench fighting, or made much difference to the final result. Certainly it would have given the Zeppelins a harder time from the beginning — but did not their raids stimulate the growth of British air power?

In this sense Dr Gollin's study is, in the double meaning of the word, academic. It is full of interesting material, the product of meticulous research, all most skilfully integrated and narrated. It is an important contribution to aviation history and to our understanding of British Government attitudes in the early 20th century. But Dr Gollin, as his earlier book *Balfour's Burden* well showed, is capable of dealing with big issues much more succinctly than he does here — and, for the general reader as opposed to the specialist, more effectively. On this occasion he has put everything under his microscope. One found oneself wishing he had also at times used his telescope.

Blood ties

BY SARAH PRESTON

Family Secrets
by David Leitch. Heinemann, £8.95. 242 pages

If Linda Elizabeth Chester, born on August 10 1950, happens to read this review, will she please contact David Leitch, the author of this book, who is her half-brother.

Such an appeal is not as absurd as you might think. Most of David Leitch's family relationships have been formed through newspaper contacts. First of all when he was eight days old his natural mother advertised him for adoption in the personal columns of the Daily Express. He wrote *God Stand Up For Bastards* in the hope that she would read the book and come forward. In 1974, a year after its publication, she took it out of the library, looked inside at the picture of him as a baby and fainted on the steps. When she subsequently wrote to him at the New Statesman for which he worked, she said he should contact her through its personal column, giving his answer to "Crafty Clara or just D/T."

Family Secrets is the account of his subsequent relationship with Truda, his mother, and after her death in 1981 with his sister, Margaret, who till then had not known of his existence. The book begins and ends with the declaration that his search for all the branches of his family tree is not over since Truda secretly gave birth to another daughter, Linda Elizabeth, who was immediately adopted, probably in a more conventional way than David.

As is often the case when people write about quests, the reader learns more about the searcher than the object for which he is looking. Truda certainly comes to life with her ambivalence about babies and her general reluctance to be pinned down, qualities which David Leitch accepts with minimal regret in his triumph at finding her. But the real interest of *Family Secrets* is Leitch's own voyage of self-discovery. Like many adopted people he feels an urgent need (he calls it a "biological imperative") for knowledge about his natural parents and their past in order to complete the picture of his own identity. He found Truda at the time he himself became a father, a period in the life-cycle when a high proportion of adopted people apply to see their original birth certificates as they are now entitled to do under the 1975 Children Act. Some sympathy must go to Jill Neville, the novelist, then married to David Leitch, being introduced to her mother-in-law while nursing her new baby in hospital. It is hard to make out which new family member excited her husband more.

It should be added that adoptive parents who still feel threatened by the law that recognises their children's need to look into the past will be reassured by David Leitch's moving portrait of his adoptive father for whom he had great affection. Indeed, if a conclusion can be drawn from this book which tells with verve the rather sad stories of both his sets of parents, it is that blood-

Jappe, the figure on the right in this 1891 pen and ink drawing by the Norwegian painter Munch, was a boy whose precocious love-life and moodiness he had observed. The fascinating story of the artist's early development is told in Reinhold Heller's "Munch: His Life and Work," a beautifully illustrated volume (John Murray £25.00)

Fiction

Finchley to Wessex

BY MARTIN SEYMOUR-SMITH

Peeping Tom
by Howard Jacobson. Chatto & Windus/Hogarth. £8.95. 266 pages

Amalgamemnon
by Christine Brooke-Rose. Carcanet, £7.95. 144 pages

Blue Pastoral
by Gilbert Sorrentino. Marion Boyars, £9.95. 315 pages

Short of Glory
by Alan Judd. Hodder & Stoughton, £8.95. 319 pages

Tina
by Hermann Bang. Translated from the Danish by Paul Christopherson. The Athlone Press, £7.95. 185 pages

Peeping Tom is a *tour de force*: a Jewish urban novel with a pastoral subject. It is written with breathless pace, and clearly the author is making a bid to become the Philip Roth of Great Britain. Barney Fugleman of Finchley, who hates anything green but finds himself in Cornish exile, is declared by his female companion to be a reincarnation of Thomas Hardy, the peeping Tom of the title: a nasty little man reminiscent of the hero of Robert Gittings' not unmalicious biography, only recently corrected by Michael Millgate's magisterial one.

This view of Hardy is silly and has only the evidence of lack of generosity of spirit to justify it; but Jacobson is presumably making a point against sentimental and parochial admirers of Hardy—in any case, it the hero who hates Hardy with such ignorant bad taste, whatever the author might think. Jacobson is well aware of how this will look, and he knows all about *chutzpah*, which *Peeping Tom* is at least in part an exercise in.

What is really unusual in this novel is the lunatically self-realised awfulness of Barney, who can do nothing but allow himself to drift into unfulfilment. The amalgam of thriller and romance is interestingly and cleverly done; the mock literary criticism of Hardy adds nothing, although the book abounds in it (there is in fact too much low-grade discussion of Hardy situations in jazzed-up contemporary form). The book is fast and sometimes witty, the perfect novel for today—and in that sense well judged—but in retrospect it will seem a little laboured. The psychological portrait the narrator manages to give of himself suggests a superior literary talent.

Christine Brooke-Rose was for long regarded as Great Britain's only true exponent of that now discredited form, the French *nouveau roman*. There was nothing but good will for her earlier efforts, which Carcanet will reprint in due course. The difficulty came when people had to explain what they were about, and more important, why they could not read them. *Amalgamemnon*, her first novel for 10 years, presents similar difficulties. It is admirable in intention and frighteningly intelligent. But it is wholly verbal, even though it deals with the feelings of a woman who suddenly finds herself redundant in all senses. There are hundreds of puns and lexicographical references galore; the thing is stiff with brilliant learning; but it is dead, too horribly reflecting the despair of the narrator. It is all so admirable that its stagnant qualities will strike the reader of good will as almost tragic.

Gilbert Sorrentino is an American Professor of English (currently at Stanford) who writes in Joycean style. He is a minority writer, who has attracted extravagant praise from a few but no notice from most critics or readers. This suggests that he might well be a writer of very high quality. But in my view he is not. This latest essay in farce is formless, unfunny for the most part, and deplorably long. The author has a line in bathetic writing ("And so you were. Creak on my feisty ox! Home it is, then. Or whatever!) which defies belief.

Short of Glory, the second novel of Alan Judd, whose first novel *A Breed of Heroes* was rightly praised, is an efficient and well shaped tragi-comedy of diplomatic life in "Lower Africa," of which scarcely fictional place the author has extensive knowledge.

Underlying the easy and pleasant humour here is a seriousness which is refreshingly unpretentious. Like many good novels about Africa, it is very valuable as a document. The writing is remarkably assured and this book should be widely read.

The last book in this week's list, a translation from the Danish, is sovereign among them, although it was published in 1889. Athlone Press cannot be congratulated too much for making it available, and one must hope that their enterprise will be repaid. Herman Bang was a pessimistic homosexual who introduced into Danish literature the "defeated character"; his novel *Generations Without Hope* (1880) has as its protagonist a man (in fact Bang himself) who hides his loneliness behind the mask of decadence. One finds the same kind of character in the novels of the better-known Dutch novelist Louis Couperus. Bang has long been regarded as the master of Danish impressionism; but there is more to him than that—he ought to be known as a pioneer of the literature of the "outsider" in international terms, but unfortunately in English we have only *Ido Brandt* (1896), translated in 1928, and *Denied a Country* (1906), his greatest novel, translated in 1927.

These are late novels (he died on a lecture tour in the U.S. in 1912), written mostly in dialogue and eschewing description, and technically very advanced. *Tina* (1889), now translated for the first time into English, explores the theme of destruction by tracing the unhappy fate of the woman of the title and of Denmark at the time of its defeat by Prussia in 1864. Paul Christopherson provides an introduction and useful notes, and his translation is good. Let us hope that at least the available translations can be reissued, and that perhaps the same translator will turn his hand to *Quiet Existences* (1886), a series of stories which contains Bang's masterpiece, "By the Wayside."

Tough Norm

BY ANTONY THORNCROFT

Tough Guys Don't Dance
by Norman Mailer. Michael Joseph, £8.95. 231 pages

De Alfonce Tennis
by J. P. Donleavy. Weidenfeld and Nicolson, £8.95. 223 pages

Norman Mailer's new novel begins reassuringly like a Norman Mailer novel: Tim Madden, a struggling writer, whose half-Irish blood mixes aggressively in his veins with heavy drink and soft drugs, wakes up one morning in his (wife's) Cape Cod house with no recollection at all of the previous day. Or rather only elusive memories which lead to . . . .

And, suddenly, we are deeply immersed in that familiar horrific detection fantasy, a series of shocks which suggest that a murder has been committed. Being Mailer it is not just a question of blood on the narrator's hands and a PC knocking on the door but of blood on the Porsche, a brace of severed heads (both blonde and female), and a chief of police who is a fair *macho* match for Madden.

Tough Guys Don't Dance is first and foremost an old-fashioned murder mystery and one in which Mailer plays scrupulously fair. By the end, even when bodies by the half-dozen are piled away, every passing phrase or fleeting character has been carefully explained. The precise way in which Mailer keeps the plot on the boil in between his excursions into philosophy, the father-son relationship, and sex make the novel a pleasure to read.

But considerable pleasure [illegible] taken for a literary gent. He is particularly good at setting the scene—a small holiday resort, the place where the Pilgrim Fathers made a temporary first landfall, locked in its winter isolation. He is equally skilled in slowly bringing out the character of Madden, an ex-drug dealer and convict, redeemed by his guts and honesty.

This is a very masculine novel. The real hero is Madden's father, the toughest longshoreman in New York until he was halted by a fusillade of bullets. He started to chase his assailant but when the blood oozed through his shoes and he found himself outside a hospital he took (for Mailer) the easy way out and saved his life by going inside. But by that decision he signed his own mental death warrant: he never regained his respect for his own masculinity.

This is the theme of the book: by putting your head down and charging through your enemies you reach the other side. It is also very good Mailer. He has concentrated his strengths in the plot, in the *unravelling*, and in the characters. There are shocks but they are literary, not personal or political.

De Alfonce Tennis is a *jeu d'esprit* of J. P. Donlevy which has all the lightness and charm of a rugby scrum. What purports to be a novel—or rather "a legend"—is page after tedious page an instruction manual for a game, as near tennis as makes no difference, concocted by Mr Donleavy.

Instructions on how to play a sport, weighed further down in this case by a long digression on how to get fit enough to participate in this fictional exer-

Mailer: mystery trail

that he hardly bothers to lighten the ponderous matter.

De Alfonce Tennis is the antithesis of Stephen Potter's gamesmanship. Style and good manners and mood are all in a sport for very rich people, trained on Japanese food and champagne. Written by "J. P." it is all quite remarkably snobbish, not least the first section on its history, the only stretch of continuous narrative in the book.

Here a rich and beautiful aristocrat seduces "J. P." on a luxury liner and acts as an elusive clue to the origins of De Alfonce Tennis. But the plot is not developed and characters appear for a few faltering scenes only to fade away. There is the occasional passage of fine writing but in the midst of so much facetiousness it goes for little.

De Alfonce Tennis is the quaint idea of a merry evening, hung, drawn, and quartered to extinction. The death knell is in the dedication. Anyone writing of a 'final will and

Airline warfare

BY MICHAEL PROWSE

Empires of the Sky: The Politics, Contests and Cartels of World Airlines
by Anthony Sampson. Hodder & Stoughton, £9.95. 254 pages

Sometimes the smoothest flights can result in appalling jet lag. From the outset, Anthony Sampson's latest epic, *Empires of the Sky*, raises this sort of niggling doubt. "Where am I . . . ? When am I?" cries a disoriented Mr Sampson in a disconcerting prologue set in Anchorage airport, Alaska. Before long, the reader may be voicing similar doubts as he is whisked off on helter-skelter tour of world aviation this century.

In chronicling the history of the airline industry—from Bleriot's triumphant Channel crossing in 1909 to this summer's fisticuffs over the privatisation of British Airways—Mr Sampson appears anxious to leave out nothing. The doomed flight of the Korean airliner 007 and the destruction of Freddie Laker jostle for space with musings on the sociology of mass-tourism and the perennial conflict between regulation and competition in air transport.

For the most part, Mr Sampson's fluent prose ensures an engrossing read but the author admits his biggest debt is to his IBM Personal Computer. The machine malfunctions occasionally, embarrassing both reader and author with sentences such as:

"The transit lounges, cut off from both time and space, can generate a unique sense of numbness and not belonging —the feet of not to feel it."

But there is much to compensate for the philosophy. Mr Sampson is especially good on Asian airlines. While Pan Am and British Airways have been jousting across the Atlantic, the real action has been half a world away. Japan Air Lines, which missed out on the post-war carve up of world routes, is now the world's biggest airline, while Singapore Airlines has been growing at an astonishing 30 per cent a year as more Asians have caught the travelling bug.

Airlines all face the same problem: too many seats, too few bottoms. When all fly identical American jets on the same routes charging the same prices, the challenge is to differentiate the product. The contest, we are told, "has dramatised a critical Asian advantage—the submissiveness of their women."

The "Singapore Girls," it seems, with their chant of "smile, attitude, humility and co-operation" have panicked the Western airlines. But the Scandinavians at least are fighting back. An ex-trainee told Mr Sampson—"its the usual stuff: call all the men sir, look them between the eyes, keep your mouth half open."

Air transport has got faster and reliable and is now safer than bee-stings. But has it got better? Mr Sampson has doubts. Before the war, KLM served its intrepid passengers tea in their bunks. Now, the ubiquitous jumbo has sent standards tumbling: "Air transport which once seemed so liberating and individualistic has become the most-constrained form of mass transport since the slave-ships."

It is harder to tell where the author stands on the crucial question of deregulation of air transport. Perhaps he doesn't know himself. Europe, we are told, has paid dearly for its cartel: "When the Federation of European Consumers planned a conference in 1984, they calculated it would be cheaper to fly all their delegates to Washington than meet anywhere in Europe." Yet Mr Sampson also appears sceptical of America's laboratory experiment in deregulation. "The laws of free enterprise," he says, "can never be applied simplistically to the airline [business] which must always require both competition and regulation."

If the book has a central message it is the inevitable entanglement of airlines and politics. Lord King's vigorous lobbying on behalf of British Airways this summer is a pale shadow of what Juan Trippe got up to in Washington in the 1930s as he forged Pan Am's global near-monopoly.

So long as Governments remain "arbiters of routes, and hence profits," the political dimension will never fade. Over six decades, Britain's national airline has undergone "every kind of metamorphosis"—it has been privately and publicly owned, split up, reunited and redivided, and endlessly subsidised. Only time will tell whether the latest twist in the saga, privatisation, will make any lasting difference.

Thug dominance

BY COLINA MACDOUGALL

Verdict in Peking: The Trial of the Gang of Four
by David Bonavia. Burnett Books, £9.59, 225 pages

The saga of violence and intrigue practised by the Gang of Four, Mao's wife and her accomplices, reads like spy fiction. David Bonavia has enhanced that flavour by setting it out in the protagonists' own words, drawn from the transcripts of their trial in Peking in the winter of 1980-81.

As the book relates, the Cultural Revolution was the brainchild of China's father-figure, Chairman Mao. In a sense he, too, was on trial, though the Chinese have never said more than that "he made many mistakes at the end of his life."

Mao, his wife and their colleagues used the thuggish amorality of the time to destroy leaders who stood in their way, careless of the injustice and cruelty they promoted. The book describes in some detail the brutal treatment meted out to head of state Liu Shaoqi and others, a horrific warning of the consequences of a breakdown in law and order.

In such circumstances plots flourish, and in 1971 Mao's heir designate, the brilliant general Lin Piao conspired with senior military officers to assassinate him and seize power. Lin was killed in a plane crash fleeing to the Soviet Union, but the surviving plotters were put on trial along with the Gang.

At this point the author's use of the trial transcripts pays off handsomely. Bonavia lets the generals recount the details of their intrigue. One marvels at their incompetence as they reveal their inability to plan even a simple murder. Alternative plots, each one dafter than the last, involved bombing Mao's train, blasting it with rockets or roasting it with flamethrowers.

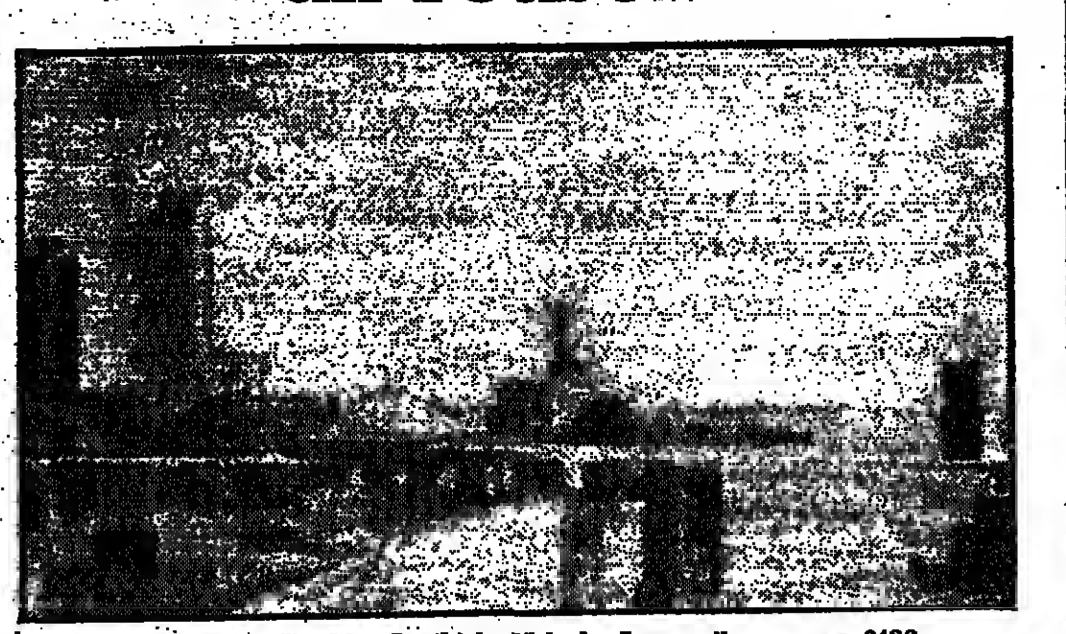
Although the trial did not rate as a fair one by western standards, it was a turning-point in China. Never before had top officials been brought to account publicly. And Jiang Qing, if not the other defendants, was able to speak up in something like her old style, hinting that in some matters she had merely been Mao's instrument. It is valuable to have it all so well documented in David Bonavia's book.

هكذا من الاصل

HOW TO SPEND IT

by Lucia van der Post

Art for all reasons



Vivian Road (Looking South) by Malcolm Jones, oil on canvas, £426

Gilles by Linda Schwab, tempera on canvas, £60

MUCH more fun to my mind than betting on the horses is laying your money on artists. There's nothing like the thrill of buying a work by some young unknown and then seeing the career blossom and take off and know that you were one of the select band with enough taste and acumen to see the budding talent. And provided you make sure yo ulike the work enough in the first place you can't lose even if he or she never becomes another Hockney.

So test your nose for artists of the future, or put your money on the already established, by visiting the art supermarket that The Contemporary Art Society will be holding at Five Dials Gallery, 33 Shelton Street, Covent Garden, London WC2 from October 24 to 27. It's the Society's way of bringing the business of buying art to a wider market than those already accustomed to visiting quieter environs of established galleries. At the gallery there will be some 300 different works, all by living artists, and each and every work will be clearly priced (no embarrassed whispers to the custodian behind the expensive desk) and the buyer can take it away there and then.

Prices will start as low as £30 and there will be nothing on sale that costs more than £500 with lots of choice under £100. If you fbancy backing unknowns there are three artists who have just left the Royal College of Art, four who've left the Slade and then there is Richard Gilbert, who has just left the Chelsea School of Art with a prize from Barclays Bank, with four works for sale (one pastel, two watercolours and one oil, two at prices of £80 each and £100 each for the other two).

If you're of a more timid nature then you can go for the established names — Gillian Ayres, Anthony Caro (he will just have drawings on sale), Anthony Eyton, Patrick Procktor, Bridget Riley and Prunella Clough.

Most of the work is in the form of paintings or drawings with a little sculpture and a few prints.

Hours are marvellous for office workers—on Wednesday, Thursday and Friday the gallery will be open from 11 am to 9 pm and on Saturday from 10 am to 10 pm.

Return of the real pen

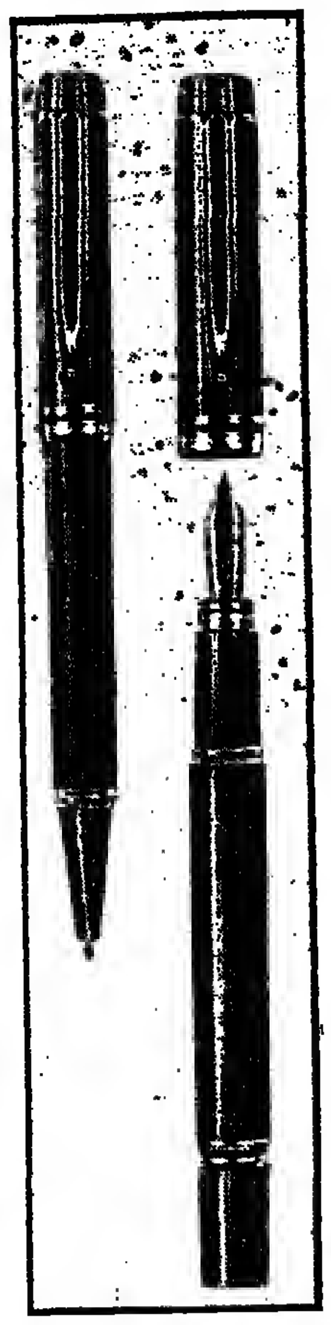
NOBODY is yet selling their shares in the companies that make ball-point pens but the signs are that the fountain pen is staging a big comeback. There is, after all, nothing like new ink, fine nib and good writing-paper to make a letter seem special—it just isn't the same with a ball-point.

Anybody who doubts that fountain-pens are coming back should look at what's happened to Waterman's, once a staid old company selling old-fashioned, if faithful, pens. Originally a New York company, started when Lewis Waterman, a New York insurance broker, invented a pen that wouldn't cause blotches, it went through several vicissitudes before about 25 years ago it came into the hands of Mme Francine Gomez. A five foot nothing Parisian, she has transformed its profits (from a loss-making business to profits in 1982-83 of over FFr 7m) and turned the pen itself from an every-day utilitarian object into a desirable objet d'art.

Today the Waterman pen is the number one selling pen in Europe and the second biggest seller in the world. In this country it has some steep competition to contend with but to celebrate the 100th anniversary of the founding of the company, Mme Gomez has decided to stimulate even *further* the revival of the fountain pen.

For those who love all things old and rare, an exhibition of Mme Gomez's own collection of prize antique pens, spanning the years from 1884 to the present-day, is currently travelling round the country. On October 24 it opens at Pen Sense in Nottingham, for a fortnight.

For those who are more interested in what Waterman is up to today, a new pen, The Man 100 has been launched. It is beautifully crafted, writes like a dream, has an 18-carat gold nib with hard iridium tip (which means that it'll never *scratch*. An unashamedly and black sleekness they sell for about £125 each. The best place to buy it is The Pen Shop in London's Burlington Arcade.



Above: The latest Waterman pen, the 18 carat gold-nibbed version called The Man 100 and its matching ballpoint.

Left: A group of antique pens dating from 1884 to 1920 from the travelling collection of antique pens put together to celebrate the 100 anniversary of the discovery of the fountain pen

On the antiques trail

IF YOUR time is more important to you than money and you are in need of anything antique, from a ceramic plate to a dining table, you might like to know about Antique Discovery. Started just over a year ago by two young women, Sally-Anne Duke and Carola Sutton, they aim to track down anything antique (providing it costs over £200). Need a Welsh dresser? Or maybe a Dutch mahogany bureau? Or a special telescope, or perhaps a piece of Lalique glass ware? If it can be found, Antique Discovery will find it.

They aim to do most of their buying out of London where prices are cheaper, though sometimes, for certain very important pieces, London turns out to be the only place where they are available. Normally, having tracked the item down, a photograph is taken and sent to the client who can then either reject it, vie wit in person or instruct the company to buy it.

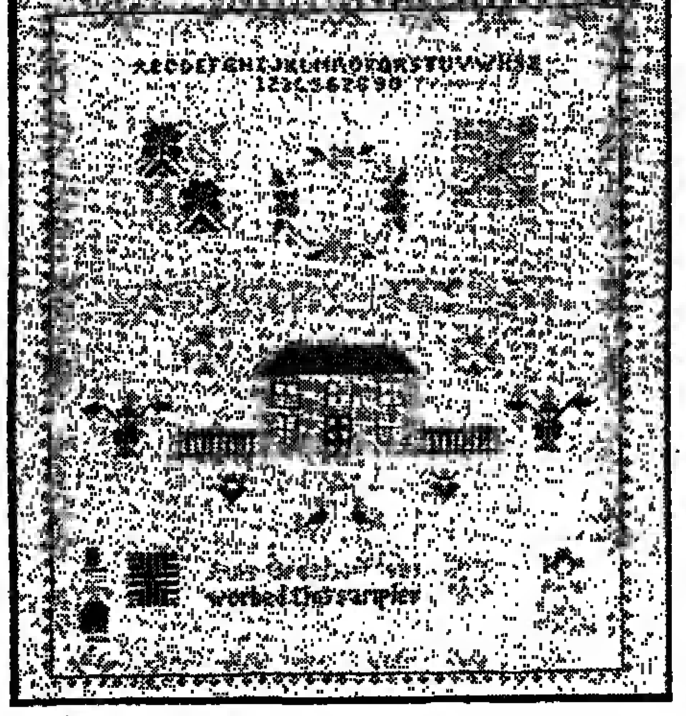
Though a commission is charged (15 per cent on items costing £1,000 or less and 10 per cent on those over £1,000) very often the two girls will be able to negotiate a better price from the dealer than any ordinary buyer could elicit, thus covering some of the commission fee.

They will also bid for clients at auction, if that it what seems appropriate and can organise delivery and insurance whether in this country or abroad.

Though they like most of all to set about buying pieces of furniture they have hunted down a wide variety of antiques —from candlesticks to porcelain, pictures to treen. They have had to place a lower limit of £200 because smaller purchases would otherwise take up more time they could possibly economically find.

Anybody interested in the service should write to Antique Discovery, 22 Narbonne Avenue, London SW4 (tel 01 673 1198).

Home sweet home



IF YOU get yourself organised there's time to get together a very special present for somebody this Christmas—a sampler with an outline of their own house worked into the canvas. On November 1 Liberty of Regent Street, London W1, has asked Jane Greenoff, who produces traditional samplers of all sorts, to come to their needlecraft department where she and her assistants will incorporate customer's own houses into a basic sampler design. They work from colour photographs which you should take in.

It *can't*, for obvious reasons, be done there and then but within a few days customers should receive a kit complete with graph, canvas, threads and instructions—everything needed to sew the 10 in x 12 in sampler. The price for this special service will be £30.

For readers who can't make it to Liberty on November 1, the store has agreed that if photographs reach them by that date, they will pass on the order to Jane Greenoff (add £2 p+p).

If you don't think your house warrants such special treatment Jane Greenoff also sells a range of ready-prepared sampler kits—all of them using the soft, muted colours beloved of traditionalists. Prices for these range from £8.50 for a straightforward alphabet kit and go on up to £18.

If you miss her at Liberty or want one of her other kits contact her direct at Inglestone Samplers, Inglestone, Milton Place, Fairford, Glos. (tel. Cirencester 712778).

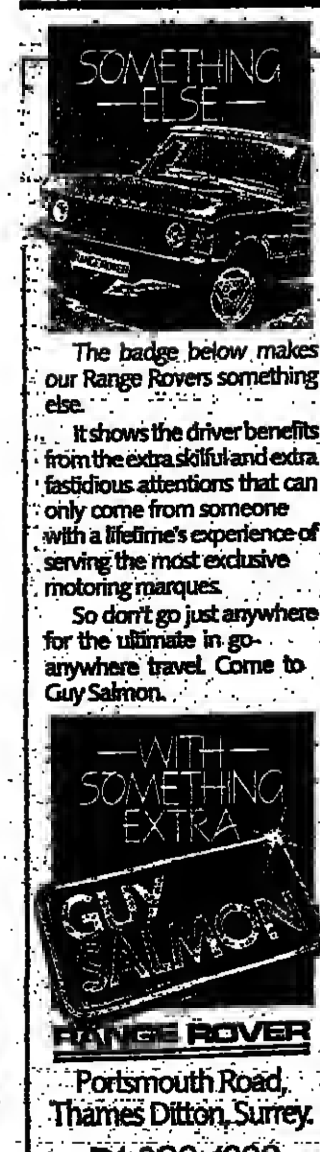
in Next week's FT

David Lascelles, the FT's Banking correspondent explains why National Westminster Bank currently looks in better shape than some of its rivals—Monday's Management Page

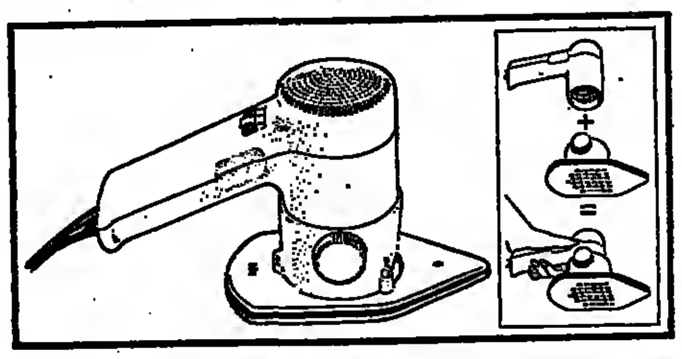
On the Technology Page—Progress in portable computers and The British breakthrough in biotechnology

Clement Crisp reviews the George Stubbs exhibition for the Art's Page

A 12 page survey looking in detail at computers in Banking and Finance—Monday



Current affairs



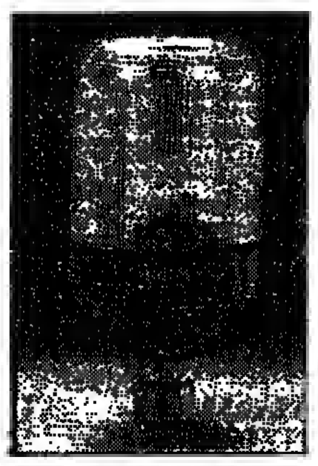
INVETERATE travellers will be pleased to know of yet another new device designed to make their travelling lives easier — whereas the well-groomed wandererone needed to pack both an iron and a hair-dryer there is now a single device on the market that does both jobs. Brought to us by Braun (who else?) our tester reports that it is certainly much, much more compact than the two devices packed separately.

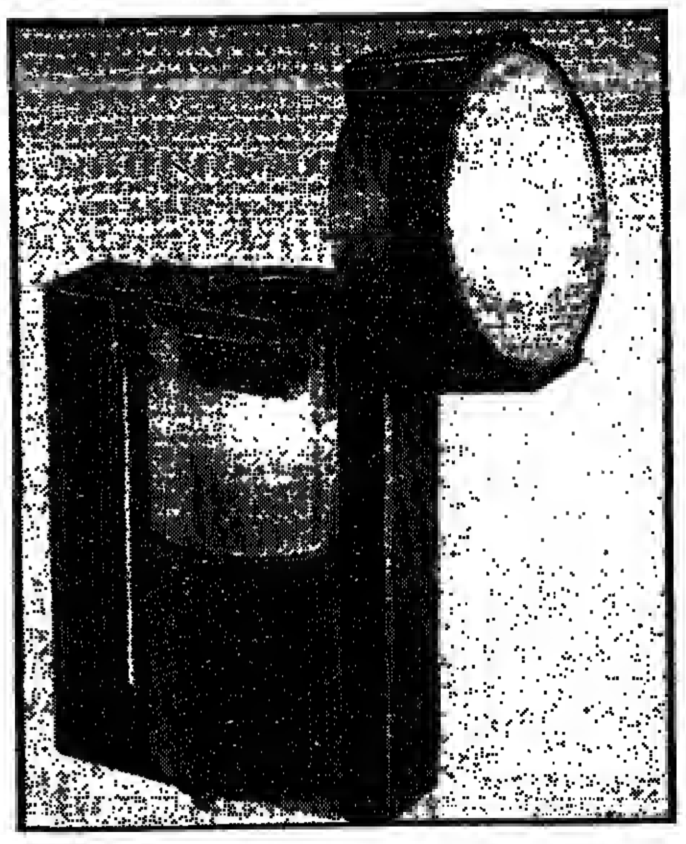
She says as a travelling iron it was just as good as any other—ie, it worked well on everything except very heavy creases for which, like all other travelling irons she'd come across, it was too light to make much impact. As a hair-dryer it was very powerful. It is light (weighs 175 grams), dual voltage, easy to assemble and costs £13.95 (see it sketched right).

TIMED to hit the shops just when the clocks go back an hour (the last weekend of this month) is the arrival of the first long life lamp (which is the official name for what most of us call a bulb) which can be slotted into any of the ordinary bayonet light fittings most of us have in our houses.

Produced by Philips Lighting it is called the SL lamp and there are four sizes available, equivalent to the wattages usually used—the SL9 (40 watt), SL 13 (60 watt) SL 18 (75 watt) and the SL 25 (100 watt). Each costs £9 which may seem a large initial outlay *but* it uses a quarter of the energy of a conventional light bulb (ie four times as much light for the same price) and it lasts five times as long. The savings over, say, 5,000 hours are just £1.02 for the SL9 (the 40 watt version) but for the SL 25 (100 watt) this rises to £12.46 for the same number of lighting hours and in addition the conventional GL 5 lamp would need replacing five times.

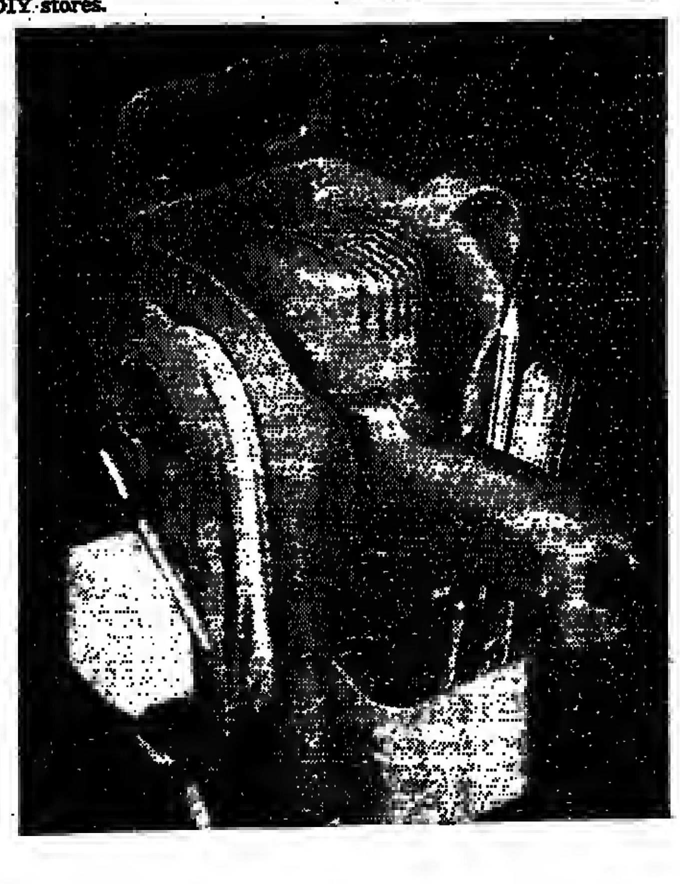
The major advantage seems to me to be the fact that it lasts so much longer—a particular plus in places like halls, porches and high ceilings. From the end of the month you'll be able to buy it in good department and DIY stores.





ONE of the sturdiest and brightest torches I've come across for a long time is Duracell's latest design. It looks much like a standard lantern torch but it has two *special* qualities — firstly the head of the torch can pivot through an angle of 120 degrees which gives a lot of flexibility over the direction of the beam. Secondly, the side panels of the torch slide downwards automatically switching on and opening up light beams on both sides, giving an area of 360 degrees of light.

It is made, like the whole Durabeam range, from a tough matt black casing with spots of yellow to indicate the switches. It seems beautifully designed, with a handle that slots into the torch to make it easy to pack or store but when pulled out can be used as a handle or a hook. It seems to me just the thing for country livers — ideal for garages and outhouses — and also exactly what one needs if the car breaks down at night. It runs on four MN 1300 Duracell batteries and costs £11.95 from most hardware stores.



AS ALMOST every other home seems to resound to the noise of its owner's electric drills (ours is a costly exception) there must be a great demand for places to store and keep the weapon and all its deadly accessories. The Drilltidy seems the very thing—it holds all those little pieces in their rightful and proper places, enabling the owner who is wielding it all, to carry it about efficiently and neatly.

Five separate components slot into the main unit all of needs—a mounting plate (which can be screwed permanently onto any surface so that the Drilltidy can be tidily stowed away), a ladder hook, (so it can be hooked over the rungs of a ladder), a belt clip (so it can be carried rather like a holster, a cable cleat (for keeping the flex tidy) and an accessory tray (for storing the bits and pieces).

The whole thing is made from red polypropylene and sells at £4.99 in most depart-

ARTS

Ashton at 80

Sir Frederick Ashton, our master choreographer, celebrated his eightieth birthday in September. As architect of our national ballet's style, as choreographic force that shaped it, and as poet laureate of the dance, he needs no further laudatory comment save that of profound gratitude and no less profound affection from an audience world wide. At the Royal gala in his bonour on Thursday night we had tha opportunity to cheer him and assert again that admiration which his ballet — and his presence — generate.

The programme, Ashtonian in its lack of sprawl and excess, told something (though far from enough) of his range and his wondarful perceptions about dancing. It opened with *Birthday Offering* which be mada to celebrata the Royal Ballet's silver jubilee, ended with tha closing scene of *Daphnis and Chloe*, and in between providee some merry, touching and grand fragments from his ballets.

...*Birthday Offering* was initially, through variations which stand comparision with the finest of Petipa's, tha portrait of seven ballerinas wbose richly varied gifts were the pride of the Royal Ballet in the 1950s. Thursday's cast offered not the least rivalry with the originals, though Merle Park in the role made for Fonteyn bad the proper authority for the central duet.

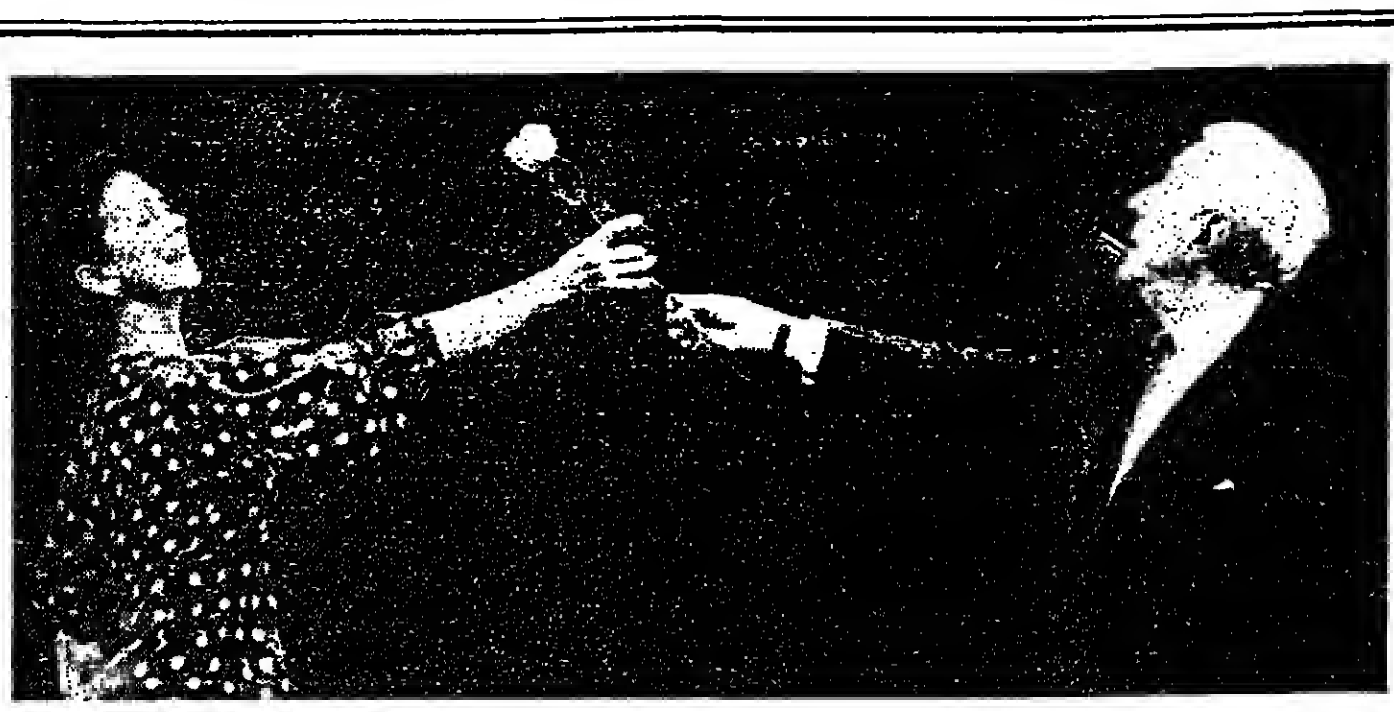
The divertissement filling to the evening began with the lunar serenities of *Monotones II*, aod then provided a survey of Ashton as master of pas de daux by turns lyric, brilliant, comic and emotionally saturated — each a marvel of its kind. Merle Park and David Wall were impeccable in the Awakening scene which Ashton made for *The Sleeping Beauty*; Leslie Collier and Stephen Jeffries fired off the pyrotechnics of the final duet from *Sylvia* — a ballet which must be revived; Lynn Seymour and Alaxander Grant returned to the stage in a flurry of lubricity wild glances in the Tango from *Façade*; and Antoinatta Siblay and Anthony Dowell ware passion and yaarning personifiad in tha malting ardours of the *Thais* maditation. And then there were Ashton and Fonteyn in the *acta de présence* which they danced in May at the gala celebrating a century of the ew York Met, Sir Fred as cavalier to his sleeping muse, awakening her with roses — a scene both bugely touching and lightly mocking, and a show-stopper

Finally, the last scena from *Dnphnis* with Sibley and Dowell ideally the young lovers, and then tha curtain calls, flowers, streamers, silvar rain, a birthday banner, ceascless cheers, and a much-moved Ashton making a brief speech in which he spoke of the gala as a "manifestation of love." A pbrasa trua in many ways: of his public's love for bis ballats; of bis artists' lova for bim: of his own lova for tha classic dance which ha bas so gloriously servad.

For thare was a message to this celabration about tha imaginative world created by Ashton's choreography, about his absolutely true classic sense, with economy of craft and the surest comprebansion of formal structure its outward sign. There is also his trust in his audience as in his first casts — and Asbton's first casts are vital in bis work — to make those emotional connections so necessary to bring to bis ballets thair sanse of completeness, their rightness of style. For if be is anything, Ashton is a stylist, with elegance and finasse of means, sensibility to nuance, sophistication of utterance, partnars to his flawless musical taste.

These qualities hava shaped our dance, our dancers, our iasla. Ii ls, if I may carp slightly, a mattar for concarn that our nationsl ballet does not maintain more Ashton ballets in the current repertory, for they must remain a formative and anhancing influence upon dancers and choreographers and public as they bava dona for the past fifty years.

CLEMENT CRISP



Dame Margot Fonteyn rehearses with Sir Frederick Ashton for his Royal gala: a show-stopper

Bedtime listening

RADIO

B. A. YOUNG

One way Radio 3 is using its extra ration of evening time is with 15-minute playlets for two people in bed, written by Russell Davies and called *Are You Still Awake?* The first were about a middle-aged couple, an Oxford philosophy don and his wife, played by Michael Denison and Dulcie Gray. Pleasant, bland stuff, admirably spoken, directed by Jonathan James-Moore, with real beds.

Radio 3's Sunday play, Howard Barker's *Scenes from an Execution*, was a wow. The execution is of a picture, not a prisoner. It happens in 16th century Venice, but the thought, and the splendidly urgent language, is of 20th century England. Some characters have mock-Italian names (Lasagna, Pistaccio), but they don't sound silly. Venice has commissioned a woman painter, Galactia, to do a vast picture of the Battle of Lepanto, and she chooses to emphasise the reality, not the glory. The picture is analysed piece by piece, partly by using a talking sketchbook, but chiefly by reporting the events and conversations that are stirred up in the originals as they confront their representations. The admiral complains of the painting of his hands, but the "mast and chopped-up genitalia" that represents the slaughtered sailors has no such privilege.

The script is masterly, and so was the direction by Richard Wortley, who had a smashing cast. Galactia was played with arrogant certainty by Glenda Jackson, in a voice that couldn't have come from any face but hers. The Doge and the Admiral of the Fleet, perfect presentments of the worldly indifference of the Most Serene Republic, were ideally done by Freddie Jones and Clifford Rose. Clive Merrison played Carpeta, rival painter and lover. I don't know if Radio 4 would allow the occasional coarsenesses, but this must be done again somewhere, and when it is, it mustn't be missed. It has a great deal to say, and it says it thrillingly.

"We were going to use explosives." Not the IRA, but the heroine of a Radio 4 weekend venture into political violence, Emma Goldman in Beth Porter's *Red Emma*. Yes, heroine. Beth Porter herself plays this anarchist fighter. She bought her boy-friend a gun to shoot the boss of the Carnegie Steelworks in Philadelphia, who had locked out his striking workers and fired at them when they tried to get in. It sounds very contemporary, but this happened in 1892.

Emma fought for anarchism all her life. She thought it the "most beautiful and practical philosophy that has yet been thought of." It landed her in prison between demos, and ultimately, in 1917, in deportation to Russia—just in time for the revolution. Miss Porter's evident devotion to her has led her somewhat to neglect the call of art, and her play is thick with clichés. For each event a newsboy shouts "Read all about it!" At her arrest, Emma was "shaking like a new-born rabbit." The crimson—not merely red—of her banner "waved proudly in the air." That anarchist effusion so proudly preserved just outside Paddington Station—"I am an angry passionate soul crying out in this appalling apathy," it begins—is worth three of this. Beth Porter and Michael Drew played with angry passion I didn't believe in. Alec Reid directed.

Margaret Horsfield's account of her visit to the hill villages of north Thailand sounded fascinating but a bit short (one day there and back from Changmai). But she got a lot of information into her little Odyssey, perhaps because she was accompanied by a party from Radio Thailand, but notably because she was given it by the well-informed and articulate Howard Radley, who had been working in the district for 18 months.

It's much to the credit of Radio 4 that it doesn't go too far in "popularising" its Saturday evenings. Leigh Hunt is a charming subject for a biographical sketch, but no popular hero either today or in his life time. James Munson's programme about him last Saturday brought out the charm with delicacy; Paul Rogers played the name part well, but the more eminent Shelley, Lamb, Byron, Hazlitt, Dickens, were introduced but not impersonated. Some of the quotations we heard were nicely read but not credited; I could almost swear that the citation of the Prince Regent came from Donald Sinden. Mr Rogers himself read "Abou Ben Adhem," all we remember Leigh Hunt for except "Jennie kissed me," was about Jane Carlyle. It was specially pleasant in a pleasant programme that descendant Barbara Leigh-Hunt should be there as presenter.

Cheltenham voices

BY B. A. YOUNG

The veteran Shakespearean Professor G. Wilson Knight set off the 1984 Cheltenham Festival of Literatura last Sunday with a robust call for positive thinking. Professor Knight, who is 87, gava a fina, positive exampla himsalf, lacing bis talk with speeches from Shakespeare, quotations from more recent poetry and a boost for his new novel, written in 1927 but only just published (by the Redcliffe Press, Bristol). "They said it was too gloomy," ba told us. He added s word to the Guest of Honour, Sir Shephen Spender, wbo did not speak on that occasion, but reserved his forces for tha evening.

In the evening, at the Shafesbury Hall of tha College of St Paul and St Mary, Shephen Spender introduced a ceremony against cansorship, *You Can't Shut Out the Human Voice*. He was faintly apologetc about embarking on a half-hour talk when we (and apparently be) bad banked on a couple of minutes.

The ceremony (I don't know what else to call it) is an evening of poems and lettars by writers who are either literally in prison or (to borrow Sir Stephen's allegory) in the prison of inability to communicate. The number of countries in which writers are so bandicapped is appalling, but somehow a modicum of writing seems to surface.

Tha misfortunate of imprisonmant doesn't always angandar work of tra calibra of *Pilgrim's Progress*; neither tha poems nor the letters will survive as literature; but as fuel on a great anti-censorship bonfire they are moving, and often unexpectedly bumorous. They were beautifully read by Billie Whitelaw and Gregory de Polnay, wbo put the programme togather; and as a change from the spoken word thare ware musical interludes for woodwind instruments chosen without relevanca to tha censors. (But isn't there censorship of music in Russia?)

It's not easy to assess the positive factor in sucb a diverse festival. One positive characteristic in this year's programme, and a welcome one, was its leaning towards the theatre. Cheltenham's Everyman Theatre is still shrouded in scaffolding, and one misses its contribution to events, not only as an assembly ball but also with its own productions of saldom seen plays that mighi not draw in the crowds in the ordinary way—Schillers' *Don Carlos*, for instance, and Eliot's *The Confidential Clerk*. Still, theShaftesbury Hall and tha Town Hall can housa tha plays (the smaller Playhouse being occupled with tha Cotswold Savoyards' production of *The Gipsy Baron*).

Tha Town Hall bas the smaller-scale items—John Tordoff playing his own adaptation of Conrad's *Heart of Dorkness*; Max Wall in the adaptation of Beckett's *Molone Dies* that was played at the Edinburgb Festival; Geoff Oldham in *Batter My Heart*, his tribute to John Donne; Jack Klaff in Runyon and Kafka; to wind up with, *God's Good Englishman*, a dramatic evocation of Samuel Johnson and his circle, with the versatile Timothy West as the Doctor, having got Stalin and Sir Thomas Beecham out of the way.

Most of these, unfortunately, came too late for me to cover in this piece. The 7:84 Company's trenchant production of *Six Men of Dorset*, which played two successful nights at tha Shaftesbury Hall, I have already covered. Next week my colleagua will daal with some of what L bavan't written about.

I couldn't get to Beryl Bainbridge and Beatrix Campbell, alas, who examined the world of 50 years ago with the eyes of today; and I'm afraid I cut *Life in the Forest*, by Winifred Folay, author of three well-liked hooks about the Forest of Dean. On Wednesday, Georga Mikes, the bow-to-be-a-man, sbowed how to be a daar friend in his amiable recollections of Arthur Koestler, whom be knew for 30 years.

With barely time for a cupper, we went on to Paul Foot, nominally on *Orwell and 1984 in 1984*, but really about Orwell's politics, from schooldays to death. Whatevar Mr Foot had been talking about, it would have been a joy to bear such a clear, humorous and erudite talk. His interesting point was that Orwell was not a Socialist as we understand them, but a man davoted to the idea of total equality in society. The proles, be bellieved, ramembaring his sarvice in the Spanish civil war, had only to rise and sbake off discipline and government, and wa should have a perfect society. Henca his hatred of Soviat Russia, as shown in *1984* and *Animol Form*: this gave only an alternative form of control, with a specially nasty Big Brother at tha top. Though thare were things in Mr Foot's talk (which he gave at express speed, in jaans and a white open-necked shirt) that I disagreed with, it was never painful to hear them but stimulating.

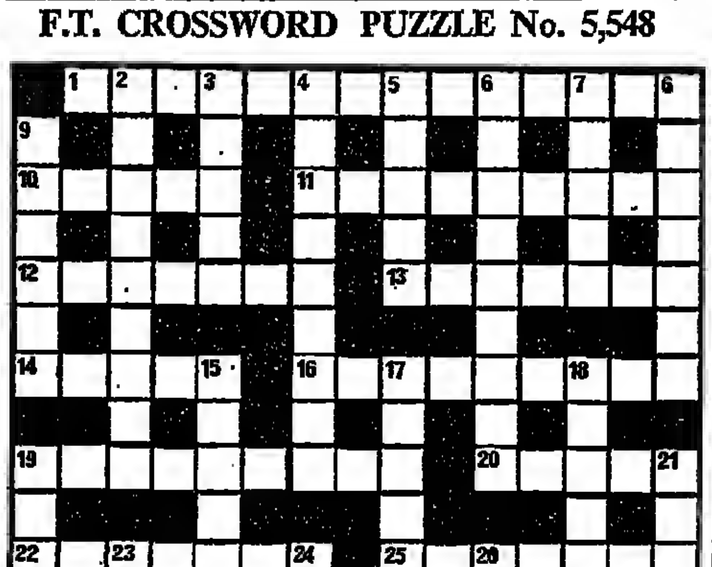
With such talk resonating in our aars, the following dabate, on tha nature of literature in our time, made only a gentle impression. David Edgar, Richard Hoggart, Marghanita Laski and Ian McEwen sounded unexpectedly Establishment-oriented — not the old Establishmant, but the new Establishment of the Arts Council, the RSC, Chatto and Windus, the telly and so on. None the less, they weren't often able to agree wholehaartedly on the future of literature, hardly even on its present. Chairman Bryan Appleyard, who has just written a book on the matter (*Culture Club*), remained a good chairman and did not offar us many of his own ideas, whicb was a pity.

An enjoyable kind of function that the festival offers is called a One Pound Ploughman's and Poetry. Each day at midday you can drop into the Art Gallery and bear two poets read their writing wbile you eat your ploughman's lunch. As the name suggests, the cost is one pound, and this includes "a glass and a bite."

The last of the four featured Tony Harrison, who has contributed two—at least two—great works to the theatre. He read his more intimate poems as they should be read, and no higher praise is neded. How the audience, so grtaifyingly full of teenage and post-teenage girls and boys, reacted to so much concern with death I do not know. I do know that they won't often hear poetry better read.

● *Six Men of Dorset*, reviewed in yesterday's paper, continues at the Shaw Theatre in London until October 27.

F.T. CROSSWORD PUZZLE No. 5,548



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

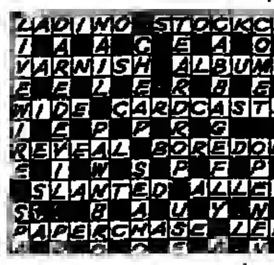
ACROSS

1 Rose, for example: splitting two shillings, we get silence during food (9, 5)
10 Drag queen with gun (5)
11 Acquire a piece of furniture within range (3-2-4)
12 Bag for flowers at Chelsaa (7)
13 Relinquish permit for a little water (7)
14, 28 Bright green object? (5, 5)
16 Royal family emblem for the ship Mary? (5, 4)
19 Dice carrots, etc.? 9 and 27 have rational ones (4, 5)
20 Hoped to make a surplice? (5)
22 Fence sitter, with his —— on one sida and his —— on the other, as the joke says (7)
25 The Spanish metre, possibly with the Dutch disease (3-4)
27 Royal family making metallic noises (9)
28 See 14
29 Not all at once, maybe not at all if netted (6, 3, 5)

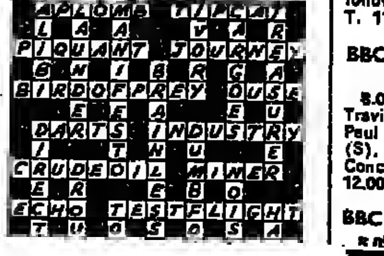
DOWN

2 Producer of small flower that may need shade? (5, 4)
3 Value of one who wrote poems without words (5)
4 Dress circle leased to opera ...
6 Prescribed route, item of table d'hote? (3, 6)
7 Upset beer left by rising man (5)
8 Go swimming, entertaining Sappers — we do it all the time (7)
9 Good girl embraced by Cyrus (6)
15 Simon's partner upset lager without fear (9)
17 Scattered, getting s bad press, and perished outside (9)
18 White rose possibly for Lancaster? (9)
19 Mice with tail cut off in fuel: that's funny! (7)
21 Clean bed with doctor at side? (6)
23, 24 Maybe adapting an enormous police car? (5, 5)
26 Theme, if after car test (5)

Solution to Puzzle No. 5,547



Solution and winners of Puzzle No. 5,542



Mrs Hazel Ward-Smith, 40 Smeaton Road, Chigwell, Essex.
Mr Eamon O'Leary, 29 Heol Don, Whitchurch, Cardiff.
Dr J. E. Gibbs, 52 King's Paddock, Hampton, Middlesex.
Mr M. C. Todd, 34 St Leonards Avenue, Hayling Island, Hamp-

† Indicates programme in black and white

BBC 1

8.30 am The Perisbers. 8.35 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand, including 12.50 News Summary; Football Focus; Snooker—The Rothmans Grand Prix at the Hexagon, Reading; Racing from Stratford-upon-Avon at 1.30, 2.00 and 2.30; Diving—The Godwin International from Crystal Palace; Hockey—The Norwich Union International from Willesden; Lacrosse — The recent English tour by the American's women's team; Final Score at 4.40.
5.05 News.
5.15 Regional variations.
5.20 The Tripods.
5.45 The Noel Edmonds Late Late Breakfast Show.
6.35 Bob's Full House.
8.00 The Paul Daniels Magic Show.
8.40 Dynasty.
9.30 Wogan.
10.20 News and Sport.
10.35 Match Of The Day. Jimmy Hill with highlights from two First Division games.
11.25 "The War of the Worlds," starring Gene Barry.

REGIONAL VARIATIONS: Wales—5.15-5.20 pm Sports News Wales.
Scotland—5.15-5.20 pm Scoreboard. 10.35-11.25 Sportscene.
Northern Ireland—4.55-5.05 pm Northern Ireland Results (opt-out from Grandstand). 5.15-5.20 Northern Ireland News. 12.50-12.55 am Northern Ireland News Headlines.
England—5.15-5.20 pm London—Sport; South West (Plymouth)—Spotlight Sport and News: All Other English Regions—Sport/Regional News.

BBC 2

11.00 Open University.
†2.25 Anna Neagle in "Nell Gwyn" also starring Cedric Hardwicke, Miles Malleson and Esme Percy
3.50 The Sky at Night.
†4.20 The Italian Film "Bitter Rice" starring Vittorio Gassman, Silvana Mangano, Doris Dowling and Raf Vallone (first showing on British television).
6.05 A Vous La France.
6.30 Snooker. The Rothmans Grand Prix form tha Hexagon, Reading.
7.15 News and Sport.
7.30 Sounds Magnificent. Andre Previn and tha Royal Philharmonic Orchestra continue tracing "The story of the Symphony" with music by Beethoven
9.00 Rugby Special
9:50 The Light of Experience
10.05 Freud.
11.05 Submarines at War
11.15 News on Two.
11.25-12.20 Snooker. The Rothmans Grand Prix.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 Cartoon Time. 9.30 Fraggle Rock. 10.00 The Saturday Starship. 11.20 Mister T. 11.45 Catweazle.
12.15 World of Sport: 12.20 Motor Cycling—The Shell Oils 500cc Trophy Race; 12.35 Rugby League—Wales v England: 12.45 News; 12.50 On The Ball: 1.20 pm The ITV Six from Newmarket and Kempton (introduced by Brough Scott and Derek Thompson): 3.15 Motor Cycling—The MCN Masters; 3.45 Half Time Soccer Round-up; 4.00 World Championship Boxing from Madison Square Garden, New York; 4.45 Results.
5.00 News.
5.05 Candid Camera.
5.35 Blockbusters.
6.05 The A-Team.
7.00 Cannon and Ball.
7.45 Punchlines.
8.15 3-2-1.
9.15 The Gentle Touch.
10.15 News.
10.30 The Saturday Nightmare: "The Fury" starring Kirk Douglas.
12.40 am London News Headlines followed by Bellamy.
1.40 Night Thoughts with Dr Roger Williamson.

CHANNEL 4

1.00 pm Making The Most Of . . . your spare time.
1.30 Chips' Comic.
†1.55 "The Love Match," starring Arthur Askey.
†3.30 "The Chiltern Hundreds," starring A. E. Matthews.
5.05 Brookside.
6.00 Danger Man.
6.30 Rock-n-America.
7.00 News Summary followed by Revelations.
7.30 Union World.
8.00 The Sonnets of William Shakespeare.
8.15 Ladybirds.
9.00 Callan.
10.00 Look Forward.
†10.15 "The Voice of the Turtle," starring Ronald Reagan with Eleanor Parker.
†12.10 Scotland Yard.

S4C WALES

2.25 pm A Week In Politics. 3.05 Posts and Peoplo. 3.50 The Blood of the British. 4.20 Feature Film: "That's Entertainment (Part 2). 6.30 Wildscreen at Watershed. 7.25 Superted. 7.35 Newyddion. 7.50 Byw o bod. 8.15 Cistieu cudd. 8.45 Pobol Port. 9.15 Y maes chwarae. 10.35 Callen. 11.35 Feature Film: "The Werewolf of Weshington."

REGIONS

IBA Regions as London except at the following times:

ANGLIA
11.45 am The Smurfs. 12.40 At the End of the Day.

BORDER
9.35 am Mister T. 11.15 Battlestar Galactica. 10.30 pm The Television Superbowl (Crown v Fist). The final of the richest ever tournament in bowls.

CENTRAL
8.35 am Mister T. 11.20 Galactica '80.

CHANNEL
8.35 am Mister T. 11.20 Puffin's Space. 11.25 Space 1999. 12.14 pm Channel Islands Weather Summary. Puffin's Pla(i)ce. 5.10 The Smurfs. 5.35 Candid Camera.

GRAMPIAN
8.35 am Mister T. 11.20 Battlestar Galactica. 12.40 am Reflections.

GRANADA
8.25 am Mister T. 11.20 Chips. 10.30 pm The Television Superbowl (Crown v Fist). The final, live from the Stage One complex at Granada Television climaxes the richest ever tournament in bowls. 12.15 am Hawaii Five-O. 1.05 Rock of the Seventies (The JJ Band).

HTV
8.25 am The Wonderful Stories of Professor Kitzel. 9.35 Mister T. 11.20 Galactica '80. 12.13 pm HTV News.

SCOTTISH
8.25 am Wattoo Wattoo. 8.30 Fraggle Rock. 11.45 Happy Days. 12.40 am Late Call.

TSW
8.25 am Mister T. 11.20 Gus Honeybun's Magic Birthdays. 11.23 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 The Smurfs. 5.35 Candid Camera. 12.40 am Postscript. 12.45 South West Weather.

TVS
8.25 am Porky Pig. 11.45 Jabberjaws. 12.12 pm TVS Weather. 12.40 am Company.

TYNE TEES
9.25 am Morning Glory. 8.55 Young Lookaround. 11.50 Batman. 12.13 pm North East News. 5.05 North East News. 5.10 Candid Camera. 12.40 am Post's Corner.

ULSTER
11.50 am Wild, Wild World of Animals. 12.43 pm Lunchtime News. 4.55 Sports Results. 5.03 Ulster News. 10.27 Ulster News. 12.25 am News at Bedtime.

YORKSHIRE
8.25 am Regional Weather Forecast followed by Cartoon Time. 8.35 Mister T. 11.20 Battlestar Galactica.

BBC RADIO 1
(S)=also VHF Stereo
6.00 am Peter Powell. 10.00 Dave Lee Travis. 1.00 pm My Top Ten (S). 2.00 Paul Gambaccini with America's hits (S). 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Ian Broas. 9.30-12.00 am [illegible].

BBC RADIO 2
5.05 am David Jacobs (S). 11.00 Racing from Newmarket at 2.25 and 3.00; Hockey; Fotball League: Second-hall football commentary in the Canon League; plus news of rugby, snooker, hockey; Sports Report at 5.00 including 5.40 Rugby round-up, 5.50 Racing results and 5.55 Poole nows and football results. 6.00 Folk on 2 celebrates 60 years of broadcasting in Northern Ireland. 7.00 Jazz Score. 7.30 Gala Concert (S). 9.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Ken Bruce with a selection of music for your late-night listening pleasure (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Jean Challis presents Nightride. 3.00-4.00 Wally Whyton introduces Country Concert (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 8.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 BBC Philharmonic Orchestra in Germany, part 1 (S) 12.15 pm Interval Reading). 12.20 Part 2. 1.00 News. 1.05 Horn Trios (S). 2.00 Verdi's Opera "Alzira" in a Netherlands Radio recording with Christina Deutekom as Alzira (sung in Italian) (S) Prologue and Act 1 (3.05 Julian Budden considers the opera). 3.10 Act 2. 3.50 Handel Harpsichord music (S). 4.25 Suk (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Schubert and Schumann (S). 7.30 Swansea Festival 1984, concert form the Brangwyn Hall, Swansea, part 1: Rachmaninov (S). 8.10 An English Tutor in Tsarist Russia. 8.30 Swansea Festival, part 2: Daniel Jones, Mussorgsky arch Ravel (S). 9.35 BBC Singers (S). 10.05 Music for Guitar (S). 10.45 Are You Still Awake? (S). 11.00 Mozart string quartets (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am. News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather: Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Breakaway, including 8.57 Weather; Travel and 9.00 News. 9.50 News Stand. 10.05 Talking Politics. 10.30 Pick of the Week with Margaret Howard (S). 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: The Afternoon Play (S). 3.00 News: Humour in Music. 3.30 Bimbashi McPherson—A Life in Egypt. 4.15 The Chip Shop. 4.45 The Music of Life. 5.00 The Longing They Have. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News: Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 English to the Backbone. 11.00 Evening Service (S). 11.18 The Faithmakers. 11.30 Son of Cliché (S). 12.00-12.15 am News.

BBC RADIO LONDON
8.04 am London Weekend. 8.30 The Magic Carpet Company. 9.03 Inside London. 9.30 Corridors of Power: Members' Lobby. 10.02 All That Jazz with Brian Priestley. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guidolino. 6.30 Big City. 7.30 Hold the Front Page. 8.00 Eastern Ear. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-4.00 am With Radio 2.

CAPITAL RADIO
7.00 am Dave Cash's Breakfast Show. 10.00 Pick of the Pops Take Two with Alan Freeman. 12.00 The Kenny Everett Show. 2.00 pm Nicky Horne. 8.00 Greg Edwards—Soul Spectrum. 8.00 David Rodigan's Roots Rockers. 11.00 Mike Allen. 1.00 am Fusions (Steve Collins).

CHESS SOLUTIONS

Solutions to Position No. 538

1 RxB! QxR; 2 Q-K4 ch, K-Q2; 3Q-N7 ch, Rasigns. He losses tha queen (Q-B2; 4 R-Q1 ch or K-K3; 4 R-B6 ch) or a rook.

Solution to Problem No. 538

Tha deception is that White actually wins: 1 P-R7, R-N8; 2

هكذا من الأصل

LEISURE

Dig which resurrected Dorset's ancient men

Sir Mortimer Wheeler (front right) explains the site to a visitor

ARCHAEOLOGY

GERALD CADOGAN

SIR MORTIMER WHEELER and his first wife Tessa, started digging the mighty hill fort of Maiden Castle—it is more than 1,100 yards long—outside Dorchester 50 years ago.

It was as magnificent and imaginative a feat of organisation and management as the actual building must have been of what is the greatest of the tribal capitals of Britain in the centuries before the Romans invaded.

At Maiden Castle in 1934-37 Wheeler adopted the system of digging square trenches on a grid that *is now practised* by most archaeologists around the world, and is named after him in several languages. (The Wheeler method is an efficient way of opening large areas, proceeding crab-wise if need be, so as to find the limits of what is being dug and yet still being able to show the connections between buildings and the levels of earth around them and the finds in them by using the many different axes, in both directions.)

To reach Maiden Castle take the Weymouth road (A354) out of Dorchester and soon turn right where it is signposted. Pass the cosy homes of Celtic Crescent on your left and continue where the road narrows till you reach a car park below the fort. Start walking.

Ahead the green slope of the outer rampart rises sharply, long and curving around the *folds of the hill*. Behind are more ditches and ramparts, forming the grandest and most complex set of Iron Age defences in Britain, *if* not in all Europe, of the later 1st millennium BC. They enclose 46 acres, and the whole fort covers about 100 acres.

The ancient name of Maiden Castle was probably Dunium, the capital of the tribe of the Durotriges. It fell to the Romans in or soon after 43.

The Roman historian Suetonius *tells* us that Vespasian, the future emperor (69-79), was general; and it was probably he who took Dunium.

That is something it would be extremely *difficult* to discover from archaeology, which unravels the past primarily through its non-written remains.

Wheeler found remarkable evidence of the capture and of the defenders' preparations. The sevenfold ramparts of the West entrance—what you reach following the path from the car park—probably meant that the main attack was at the East entrance.

There were sentry boxes and towers or platforms for slingers to stand and cover the approaches. Slingstones were found everywhere—the largest pile was 22,260 stones.

The defenders had the advantage of height and range, which on the level would be about 100 yards. Wheeler describes it all with relish and a gunner's view of the operations.

Still, the Roman legionaires took the place, with fire as well as the sword. In the ash at the East entrance was the war cemetery of the defenders. One man, 25-30 years old, 5 feet 6½ inches, had a Roman arrowhead fixed in a vertebra.

Most burials seem hurried; but a woman had been given a leg of lamb to hold in her left hand, and a man, 40-50 years old, 5 feet 1 inch, had a leg of mutton on his chest.

When it fell Maiden Castle had been a *fort for centuries*, though just how many centuries is a matter of current debate. Wheeler suggested that it was founded c. 300 BC, but it may be that that should be taken back into the late Bronze Age, because the pottery of the earliest levels is earlier than used to be thought. If so, this would give another 500 years for the development of the defences.

The great hill fort had a much earlier predecessor, a Neolithic causewayed camp or fortified settlement with the defences interrupted by "causeways," perhaps of before 3000 BC. Places with such camps were often chosen by the Iron Age military architects for their hill forts. Defensive considerations changed little over the centuries.

The camp was abandoned and, still in Neolithic times, a barrow ⅓ mile long and just 60 feet wide was built. In a remarkable burial at the East end on the central axis was a man whose head had been hacked off and attempts had been made to get the brain out of the skull by *trepanning*.

When this failed, the base of the skull was broken and the brain removed, with a little of the skull. Wheeler found it "tempting to suspect an element of cannibalism."

After the Roman capture Maiden Castle was demilitarised and replaced by Dorchester at the crossing of the Frome. In late Roman times, late in the 4th century, a temple was built with a priest's house, which suggests some reverence for the place's venerable past.

You can still see them. The finds are on show in a lucid and exciting new archaeological section of the Dorset County Museum in Dorchester, which should not be missed.

Wheeler's results have stood up well to half a century of new work in a fast changing discipline. His panache, so visible later on TV, in following Vespasian and attacking again the mighty hill is obvious, and so is his ability to concentrate on what he saw as the main point, here to elucidate the sequence of the fortifications.

He had an able team of helpers and rigorous techniques, and he was not lacking in powers of *command*.

It is ironic that just where the Wheeler grid method of digging with its accumulative squares would have been most appropriate at Maiden Castle, in tackling the middle of the hill fort to see what the rest of its life *was like, there least was* done.

Though he always emphasised that archaeologists are digging up people, *the quiet of civil life* seems to have been a less urgent matter of study.

Still, the Maiden Castle dig was a great stride forward, in knowledge of pre-Roman Britain, and digging techniques and in the careers of many who worked there.

The report exudes sympathetic imagination in trying to explain the ancient men of Dorset, and a constant self-awareness of the archaeologist as the observer. These are attitudes of lasting value.

On training excavations after the war Wheeler would jump into the trench behind the student and ask, "What are you doing? And why?" Often terrifying—and always to the point.

Project "Eminence" by Lotus. A 160-mph six-seat limousine, with armour plating and four-wheel drive if required. Not on sale yet, but a high technology straw in the wind

Motor Show gets in gear

MOTORING

STUART MARSHALL

FIVE-DOOR METROS; a most handsome Montego estate car; Ford Sierras with a new 1.8-litre engine and a four-speed automatic transmission with a mechanical lock-up in top; a Maestro MG with a 2-litre fuel injected engine; the first Vauxhall with a ix-cylinder engine since the Royale was dropped. These are just some of the new British models making their public debut at the International Motor Show at Birmingham which opens to the general public today.

The Metro looks so neat with its rear passenger doors that one feels it should have been produced as a five-door from *the outset*. The rear seats are much easier to enter and leave than in the three-door models but I wouldn't want to ride very far on their thin cushions, which are hard enough to arouse the envy of Mercedes-Benz. During a brief test drive last week, the new Metros felt as nimble as ever on winding roads even though their ride height has been slightly increased. The fascia now has the same family appearance as the Montego. If driven hard, and especially on motorways, they cry out for a five-speed gearbox. Only the 1.3HLE has high enough gearing to feel fairly relaxed at 70 mph.

I also tried the new Montego estate 1.6L and was favourably impressed. It is enormously roomy, flat-floored and will accommodate seven people with a pair of optional extra occasional seats. Yet it rides like a saloon, doesn't look like a van with windows, is very nicely got up inside and has performance enough to give those speeding reps in their Sierras and Cavaliers more than a run for their money. I think its sales success will surprise Austin-Rover; it certainly deserves to.

Ford's 1.8-litre engine—1,796 cc actually—will please company car users as it just sneaks into the lower tax class and its efficiency is reflected in a claimed 31.4 mpg consumption on the official urban cycle test. It will be available on the L, GL and Ghia models though the new automatic is at present confined to the 2-litre cars.

The Maestro MG with a 2-litre O-series engine, fuel injected, is a most vigorous performer, with so much torque at low revolutions that it accelerates in top almost as though turbocharged. It goes from 0-60 mph in 8.5 seconds and BL says it is good for 115 mph. The 5-speed Honda gearbox is a joy. The Maestro MG EFi has handling on its 65 series tyres to match that of several quick mainland European cars in higher price brackets. Together with the Montego estate, it really shows that BL is getting its act together. It is not necessary to be patriotic to consider buying a BL car nowadays, when 20 per cent of motorists will change brands to get a good deal.

One has become so used to Japanese companies like Nissan and Toyota displaying cars of the future that it comes as an agreeable surprise to find a small British manufacturer outdoing the oriental giants. Lotus has two projects of breathtaking

The mid-engined V8 concept car cheekily upstages the Ferrari Testarossa with a claimed 182 mph maximum instead of the Italian car's 181 mph. Much more to the point it has suspension, transmission, engine management and braking under the control of an on-board computer. The 4-litre V8 engine, which has an exceptionally high 11.2:1 compression ratio, uses unleaded fuel and is said to have a potential output of 600 bhp. The car is, of course, not yet in production, but it shows how the financially re-invigorated Lotus company is thinking. The other Lotus show stopper is the Project "Eminence"—a six-passenger limousine with a top speed of more than 160 mph and optional armour-plating, plus a choice of two- or four-wheel drive. At the moment, it is only a gleam in the Lotus eye but it would be made if demanded.

The two Lotus cars could, I suppose, be dismissed as mere window dressing, for the time being at any rate. But BMW has committed itself to introducing two electronic systems that will increase reliability and cut servicing costs within three years.

Potentially *significant* developments are being shown by Lucas. The Girling SCS (for stop control system) is on display for the first time in Britain. It brings wheel lock control within reach of makers of small and medium sized front-drive cars with diagonally split braking systems. The cost is said to be much less than that of conventional ABS brakes yet SCS is claimed to be just as good at preventing loss of control due to wheel locking during *panic braking*.

Lucas's CAV company has developed an electronically controlled rotary fuel system aimed specifically at diesel cars. It is said to reduce noise and exhaust emissions while offering greater economy and improved driveability.

The show, which is open until tomorrow week, makes the Paris *salon d'automobile* look small. More about it next week.

Islamic art market shows a renewed confidence

ART INVESTMENT

ANTONY THORNCROFT

FOR THE arts markets, the Middle East oil boom has proved something of a disappointment. Few parts of the world could have produced more overnight millionaires who, by religion and education, were less interested in antiques. Iran, the one country with a more flexible attitude towards art, particularly paintings, suffered a revolution just when a sizeable collectors market was developing.

The few rich Arabs who are buyers follow the tastes of a previous society which became suddenly wealthy—the Victorians—in liking very ornate silver and furniture and rather risqué paintings, European in origin. But, if Sotheby's sales of Islamic art this week are anything to go by, a more discerning collector is emerging.

The sales on Monday and Wednesday were very successful—indeed the Wednesday total of £1,549,484, with 11.7 per cent unsold, was a record for an Islamic auction, confirming that this market has shaken off the trauma of the overthrow of the Shah—at least until the next revolution.

The only sector which is out of favour is Qajar paintings which were bought, first by the Shah's family and then by other rich Iranians. In the 1978 boom, Qajar paintings, often of Iranian royalty of the early 19th century, were fetching up to £200,000 (or more). Today, many are behind shutters in closed Tehran museums: if they appeared on the market they might fetch around a tenth of their previous prices, although Sotheby's hopes to test the demand by offering a very important Qajar painting, currently in an Indian court, in its April sale. It believes it could make £500,000 and restore confidence.

The other factor favoured by the Iranian wealthy—lacquer pen boxes—is slowly recovering its earlier price levels, but even here it was noticeable that the really exceptional price this week, £7,700, as against a top estimate of £2,000, was paid for an Ottoman morocco pen box.

The most distinctive feature of the sales was the very high prices paid for Qur'ans and carpets (traditionally a tricky market). It could be that Qur'ans, the most holy works or art for the Islamic peoples, are about to experience a rapid escalation in price. There are certainly many European dealers who think so, bidding against Arabs for Qur'ans which might soon be on show in the museums springing up in the Gulf and Saudi Arabia.

The record price for a Qur'an of £80,000, established two years ago, was not exceeded, but prices were well above forecast, with many Middle Eastern buyers hiding behind the bidding of a London dealer, notably Maggs.

An early *16th century Qur'an* comfortably doubled its estimate at £49,500, while an Ottoman Qur'an of the late 16th century, which had belonged to the late King Umberto II of Italy, was well over forecast at £44,000. As an accurate price guide, a blue vellum Qur'an leaf of the early 10th century sold for £28,600: a similar leaf made £8,000 in 1976. One record was the £25,300 paid by a London dealer for a firman (official decree) of Sultan Murad II of 1575: the previous best for a firman was £24,000 at Christie's.

The only disappointment was an astronomical table of 1288 which was unsold at £48,000, just below its reserve. It was probably too austere for the flamboyant Arab taste. Even so in 1968 it had sold at Sotheby's for just £1,800.

The highest price of the week was in Wednesday's auction—a "Polonaise" silk and metal thread rug, from the estate of the late Umberto II and probably a gift to his family in the 17th century from Shah Abbas, sold for £198,000 to Michael Goedhuis, the London dealer. It was an auction record for a rug and the buyer would probably have gone higher, perhaps exceeding the record for an Islamic carpet of £231,000 set two years ago. A very similar rug fetched £45,000 in the Ojjeh sale of 1979.

Typical of the much keener bidding was a Ghom part silk carpet which went for £39,600, twice its top estimate, and a silk and metal thread carpet, also from the Umberto collection, which was keenly contested between an Arab and a Brazilian, going to the former for £34,100 as against a top estimate of £15,000. In the afternoon it was noticeable that modern carpets—up to 45 years old—which were not clearly displayed in the auction room were not popular, but in the main this was the best Sotheby's carpets sale for some time.

Glass, arms and armour, and works of art all did very well. A large Syrian painted pottery jar of around 1300, used in a hospital to hold water lily leaves, a presumed anti-aphrodisiac, sold for £52,800, more than double the top estimate, and the Kuwait Museum justified the hopes of the trade by acquiring many lots, paying £14,850 for a small mesopotamian pottery bowl of the 10th century, bearing the inscription "work," which carried an estimate of £2,000-£3,000.

While the excitement of the auctions for Sotheby's was the appearance of so many unknown faces, mainly Arab, it must also have been reassuring that the related sector of Indian miniatures, mainly bought by American and European collectors, also did very well, setting the top price on Monday of £71,500 from Goedhuis for a Mughal portrait of an elderly scribe, painted in 1815 by Farrukh Beg, the outstanding court artist of the period. Goedhuis also bought non-Islamic art—an illustration of the Lord Krishna of the late 17th century, for £29,700.

Indian miniatures have proved a market of exceptional stability and growth in recent years in contrast to the turmoil in Islamic art. One sale on its own does not establish a trend but this week has been the culmination of a steadily improving market, fuelled by new Arab buyers belatedly adding works of Islamic interest to their gaudy European collections; abetted by western dealers hopeful that the long-forecast explosion in Middle Eastern antiques might finally have arrived—again.

Bordeaux at auction

Edmund Penning-Rowsell

AS CELEBRATED Bordeaux wines and vintages grow older and rarer, there is an increasing tendency for them to be sold at auction in tiny lots.

This particularly applies to Yquem, which from the vintages of the 40s backwards, are now nearly all sold by the single bottle.

At Christies this week the following prices were recorded: '21-£330 (a record): '26-£150: '37-£210; '45-£520 (two bottles); '49-£220.

Among clarets £820 was paid for two bottles of Mouton Rothschild '45, £780 for three of '49 and £310 for a magnum of the '50. Four bottles of the celebrated Cheval-Blanc '47 went for £820, while a magnum of the outstanding Ch. Margaux '53 made £340.

Demand for Petrus always ensures high, even record, prices at every sale. This week the following prices for dozen bottles were paid: '45-£1,900 (six bottles); '64-£2000 '66-£2,100 '71-£1,900 (record); and '76-£800 (record).

This was Christies' first vintage port sale of the season, with Taylor '45 and '48 record prices per dozen, £1,550 and £740 respectively.

BRIDGE

E. P. C. COTTER

MAY I first refer to hand 1 in my column of October 6:

S. ♠ A K Q 10 9 ♥ 4 ♦ J 10 9 2 ♣ A K 5

N. ♠ J 4 ♥ 10 8 6 ♦ A Q 7 5 ♣ Q 8 4 2

This was the hand as originally conceived. Unfortunately, the clubs in the South hand appeared as A K J, which made a nonsense of everything. This was not a printer's error — it was mine. My since apologies for this. Several readers pointed out the mistake—some of them nicely. For the benefit of those who did not see the hand, South, playing in four spades, ruffs the second heart lead, loses a diamond finesse to East's King, and discards a diamond on the heart return. This is a safety play against a 4–2 trump break.

Rixi Markus in More Deadly Than The Male (Faber, hardback £8.95, paperback £3.95) gives some 70 hands, in which there are useful lessons to be learned. Study Silly Signal:

N. ♠ K 9 8 7 6 ♥ 5 ♦ 10 4 3 ♣ A J 10 2

W. ♠ 4 2 ♥ Q 10 6 4 ♦ K J 8 6 5 ♣ 6 5

E. ♠ J 3 ♥ 9 8 7 3 2 ♦ 9 7 2 ♣ 9 8 7

S. ♠ A Q 10 5 ♥ A K J ♦ A Q ♣ K Q 4 3

After an artificial bidding sequence South plays in seven spades against the lead of the club six. South draws trumps and plays three more rounds of [illegible] diamond finesse would lose, the declarer cashes his diamond Ace (Vienna Coup), then runs two rounds of trumps, to leave a four-card position, in which West holds Q 10 6 of hearts and the diamond Queen. Dummy has a spade, a heart and 10 4 of diamonds.

The last trump, on which South, holding A K J of hearts and the diamond Queen, throws the diamond, squeezes West into parting with a heart, and South makes three hearts to score the grand slam.

Good players, says Rixi, trust their partners to know what is going on, and signal only when giving information to declarer can do no harm.

Here is another grand slam, which illustrates a play which may be new to you:

N. ♠ A Q 9 5 ♥ K 9 8 7 3 2 ♦ A 4 ♣ 5

W. ♠ 2 ♥ J 10 5 4 ♦ Q J 10 6 5 2 ♣ Q 10

E. ♠ 8 6 4 ♥ Q ♦ 9 8 7 3 ♣ K J 9 8 2

S. ♠ K J 10 7 3 ♥ A ♦ K ♣ A 8 7 6 4

South dealt and bid one club, North said one heart, and South rebid one spade. North now bid three diamonds, showing strong support for spades and the diamond control. After Blackwood and a cue-bid in hearts South plays in seven spades.

Winning West's diamond Queen in hand, declarer draws trumps, cashes Ace, King of hearts, finds that hearts do not break, and goes down. An attempt to test hearts after two rounds of trumps does not work either — East ruffs the second heart. The winning line is to cash the spade King, than the heart Ace, cross to dummy's [illegible] heart in hand, cross to the Ace of spades, and ruff another heart. Now the rest of the tricks are yours. Simple, really — when you think of it.

CHESS

LEONARD BARDEN

Britain's rise to world chess prominence in recent years could hardly have occurred without the active help of prominent City individuals and institutions. The effect has been so marked that English teams which in the 1960s and early 1970s were in the second or third division of world competition are now regular contenders for medals. Some would say that the depth of young British talent is now the major threat to long-standing and continued Soviet supremacy at the chessboard.

Jim Slater and the Slater Foundation were the pioneers among City backers with prizes for grandmasters and help for promising juniors. Later, the principal sponsors have included stockbrokers Phillips & Drew and Grieveson Grant (major tournaments), merchant bankers Duncan Lawrie (England team) and Lloyds Bank with a wide-ranging programme aimed mainly at schools and universities. Some of this support is now of long standing so that the annual Lloyds Bank Masters has run since 1977 and the Grieveson Grant prizes for the British Championship since 1978.

More recent additions to the corps of City chess supporters are Legal and General Insurance, who are providing a prize fund for the British inter-club championship and will also back the winning team in the European Cup. National Westminster a slightly different emphasis, including grants for seconds and trainers at world junior events and coaching for the best talents.

The latest NatWest venture was an all-play-all international organised by the Kings Head club in London. Under new FIDE rules at least one of the three qualifying scores for the international master title has to be achieved in an open event. Increasingly the pattern is for players to score a couple of norms in Swiss system tournaments and then to hope for an all-play-all event. The NatWest event already had one or more IM results from Lloyds.

The new Nat West tournament, very well organised by Paul Lamford of Batsford Books, proved a notable success as three players achieved the desired IM score. Howard Williams, long the Welsh No. 1, reached his goal at age 34 after several near-misses; Mark Condie, at 20, became Scotland's youngest-ever IM; while David Norwood, who won two important games on his 16th birthday during the event, followed up his precocious norm at Lloyds.

The fourth man in a tie for first prize was the consistent Mark Hebden. His win below demonstrates how a fianchettoed bishop at KN2 can provide long-distance back-up to a fast running pawn on the other flank.

White: M. Condie. Black: M. Hebden.

King's Indian Defence (Nat West 1984).

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, B-N2; 4 N-B3, 0-0; 5 P-KN3, P-Q3; 6 B-N2, N-B3; 7 0-0, P-QR3; 8 P-Q5, N-QR4; 9 N-Q2, P-B4.

Thus far, a well-established pattern; but White's next aims at a premature pawn advance and is inferior to the usual 10 Q-B2 followed by P-N3.

10 R-N1, R-N1; 11 P-QN4

formation. Now if the Q2 knight moves, Black has N x BP; if 15 P-K3, B-Q6; or if 15 P-B4? Q-B4 ch.

15 N(3)-N1, B(B4) x N; 16 N x B, N x BP; 17 B x N, P x B; 18 Q x P.

Otherwise he is just a pawn down; but with the long dark diagonal open, a useful knight outpost and a 2-1 queen's side pawn majority, Black can smoothly increase his advantage.

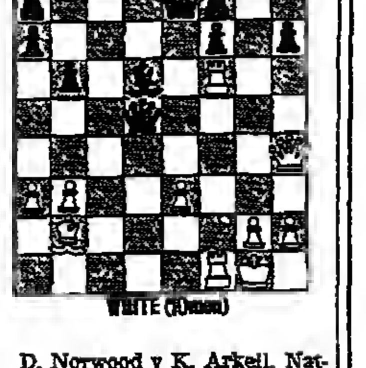
18 ... P-QN4; 19 Q-R4, B-N2; 20 R-N3, KR-K1; 21 B-B3, Q-R4; 22 P-QR3, Q-R5.

Forcing events. To avoid material loss, Black soon has to allow the rook's pawn a free run.

23 R-N4, Q-B7; 24 P-R4, P-QR4!; 25 R x P, R x R; 26 P x R, P-R5; 27 Q-B4, B-N7! 28 P-N6, P-R6; 29 N x P, B x N; 30 P-N7, R-N1; 31 B-K4, Q-B6; 32 R-N1, N-Q7; 33 Resigns. If 33 R-N5, Q-B8 ch mates.

POSITION No. 538

BLACK (9 men)



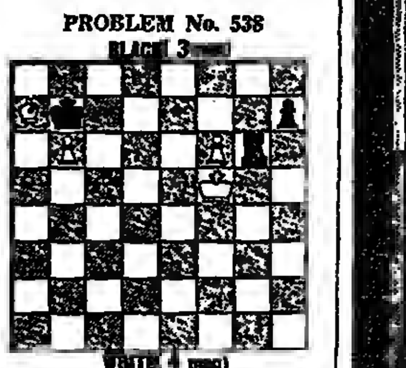
WHITE (10 men)

D. Norwood v K. Arkell, NatWest 1984. David Norwood, aged 16, of Bolton, has scored two international master results within six weeks—the youngest ever by a British player apart from Nigel Short. One norm was at Lloyds Bank's traditional annual, the other at the new NatWest event.

In this diagram as White (to move) he is a pawn up but

PROBLEM No. 538

BLACK (3 men)



WHITE (4 men)

White to play; can he draw? Despite its simple appearance, this endgame has deceived many earlier solvers.

Solution, Page 16

FINANCIAL TIMES

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Saturday October 20 1984

Mr Lawson stands firm

IN THE PAST few weeks, Mr Nigel Lawson, the Chancellor of the Exchequer, has withstood with great fortitude intense pressure to do something about Britain's apparently deteriorating economic fortunes. The last time the Government came under this sort of pressure was in 1981 when Mr Lawson's predecessor Sir Geoffrey Howe was severely criticised for introducing an austere budget at what appeared to be the height of recession but was in fact the start of recovery. Sir Geoffrey was later proved right and it is likely that Mr Lawson's present refusal to be panicked will also, eventually, win the plaudits of his less steadfast friends in the Government and the City.

In a week in which Mr Lawson has had to give one of his most important speeches of the year, the Mansion House address, the pressure has intensified. Thatcher's law of politics—if something can go wrong, it will—has been vindicated again. The Government has been forced to cut oil prices and Nigeria's breaking of Opec ranks has raised fears of a downward price spiral which could threaten the stability of countries like Mexico and Venezuela. On top of this, the miners' strike has taken a turn for the worse with the total breakdown of talks between the National Coal Board and the National Union of Mineworkers and a threat from the pit deputies' union Nacods to strike from next week.

Against such a depressing backdrop, it is hardly surprising that share prices and sterling fell sharply in the first half of the week. Although markets rallied on Friday, the week saw about £7bn wiped off the capitalisation of British equities, while sterling touched its lowest level ever against the strong dollar. Even sterling's trade-weighted index may appear to be falling dangerously fast: it is nearly 10 per cent down on the average for 1983. As a consequence, the Treasury and Bank of England have had to resist quite strong pressure for higher interest rates. Quite correctly, Mr Lawson is maintaining, as he did in July, that domestic conditions do not warrant a rise.

The markets and the Conservative Party have given Mr Lawson an unjustifiably rough ride. In Brighton last week the Chancellor came close to receiving a slow handclap from the so-called Tory faithful. His crime was to argue that he was sticking to the economic policies that won a landslide election victory only 18 months ago. Again, the response to Mr Lawson's Mansion House speech on Thursday has been lukewarm. This time the Chancellor's crime was to remind his audience of something he thought it knew: there is no long-term trade-off between inflation and unemployment.

The truth is that events this year have conspired to make the Government's economic strategy appear misleadingly ineffectual. Mr Lawson has kept the lid on inflation better than any of his critics expected in spite of the weak pound. In normal circumstances, the reward for inflation of 5 per cent or less would be interest rates of 8 per cent or less. The economy has been given a powerful boost by events quite beyond the Chancellor's control: in a world of mobile capital, it is impossible to insulate Britain fully from the effects of President Reagan's fiscal policies which have kept world interest rates far too high for far too long.

No alternatives

In addition, Mr Lawson's strategy has been sabotaged by the miners' strike. The large reduction in coal production has reduced GDP by about 1 per cent. This direct impact and various knock-on effects, which are probably under-estimated, have resulted in depressing production statistics and in creating the impression that economic recovery has stalled. It has also damaged international confidence putting extra pressure on sterling. But the Government could not have avoided the strike. In fact it did everything possible to insulate miners from the effects of economic change.

Mr Lawson's critics in the Conservative Party and City must realise that they have no convincing alternatives to offer. The quick-fix reflation they seem to be silently willing would be a disaster. It would lead to a total loss of confidence, the pound would fall faster and interest rates would rise. The Chancellor also deserves more patience and understanding from the markets. Their fears are overstated. A rapid drop in oil prices is unlikely; in any case the fall would have to be substantial before it began to offset the appreciation of the dollar which has boosted the Government's dollar-denominated revenues.

World interest rates will not stay high forever. Once the U.S. election is out of the way, the President, whoever he is, will be more likely to take action to reduce the U.S. budget deficit. By the time of Mr Lawson's second Budget next spring, the present gloom may well have lifted. The miners' strike should be settled. The resumption of coal production will boost economic growth. Economic statistics are likely to show that, in spite of the glum headlines, British industry increased its investment by more than 10 per cent in 1984. The need now is to give the Government's steady policies time to work.

THE POUND UNDER PRESSURE

Lawson sits out the storm

By Philip Stephens

"MARKETS are taking a more balanced view of financial developments."

IN a week during which sterling lost 3 per cent of its value and the idea of a one-dollar pound no longer seemed quite so fanciful, Mr Nigel Lawson's comment to City luminaries on Thursday contained just a hint of wishing thinking.

True, sterling for a time yesterday won a partial respite from a general weakening of the dollar, and on the Stock Exchange brokers decided that the sharp fall in share prices earlier in the week had been overdone.

But the factors which sent the pound plunging below the record lows against other currencies seen during the sterling crisis in October 1976 remain unresolved.

The fear that BNOC's decision this week to follow Norway and cut North Sea oil prices marks the start of a general price-cutting war that may well continue to trouble the markets at least until Opec ministers meet in Geneva.

The impact of the decision by supervisors in Britain's coalfields to join the miners' strike will only become clear on Thursday.

And in the background there is the concern, despite the Chancellor's strenuous effort to dispel it, that the pressures of mounting unemployment will eventually force the Government to loosen its grip on monetary and fiscal policies, ushering in higher inflation.

Sterling is now worth about 10 per cent less than it was at the beginning of this year and few people in the City were betting last night that it would bounce back.

So why is Mr Lawson, who sought in his Mansion House speech on Thursday to reassure the markets that the Government's economic strategy remains firmly on course, prepared to sit out the storm?

Why does the Government not react as it did under superficially similar circumstances in July, by raising interest rates to defend the pound? There are several reasons:

● The belief (perhaps hope) that the markets will "come to their senses" and that sterling's steep decline in the past few days will be reversed before it does much damage to the Government's anti-inflation policies. The whole picture this year has been distorted by the strength of the dollar; against the DM, for example, until this week, sterling has been much more stable.

● Mr Lawson believes that the only real hope of stemming the tide of rising unemployment is to keep interest rates down in order to generate the investment and consumer spending needed for economic recovery.

● A sharp rise in interest rates—and no-one is sure how sharp it would need to be—could send the stock market tumbling, damaging the prospects of a successful floatation of British Telecom.

● In 1976 Britain was a classic case for IMF treatment. The Government's finances then were in complete disarray, the money supply was surging and the trade deficit seemed to be running out of control.

Finally, the Treasury is convinced that the trend of the money supply shows inflation under control and that nothing in the past few weeks has changed that.

The effect on inflation of the continuing strength of the dollar, which despite sterling's fall this week against other currencies has remained the key factor in its overall decline this year, is being offset by weak commodity prices. Lower oil prices also partially counter balance the inflationary pressures generated by sterling's fall.

Treasury officials thus dismiss the numerous "ready reckoners" that say that a fall in the value of sterling of x per cent will automatically put up inflation by y per cent six months or a year later.

Mr Lawson has also learnt something in terms of tactics from July, when the money markets pushed up interest rates partly in the expectation that the Treasury would itself want to raise rates to defend the pound. It became a self-fulfilling prophecy because the Treasury, though wanting to keep rates down, couldn't resist the markets.

This time Mr Lawson is seeking to manoeuvre expectations in the opposite direction; with, it must be said, a certain success if the fall in money market rates yesterday is any guide.

Thus his comment at the Mansion House: "Provided monetary conditions are kept under firm control, excessive movements, whether in the money or exchange markets in response to outside influences, will tend to correct themselves relatively quickly."

In layman's terms: as long as the Government keeps the money supply under control sterling will eventually stabilise.

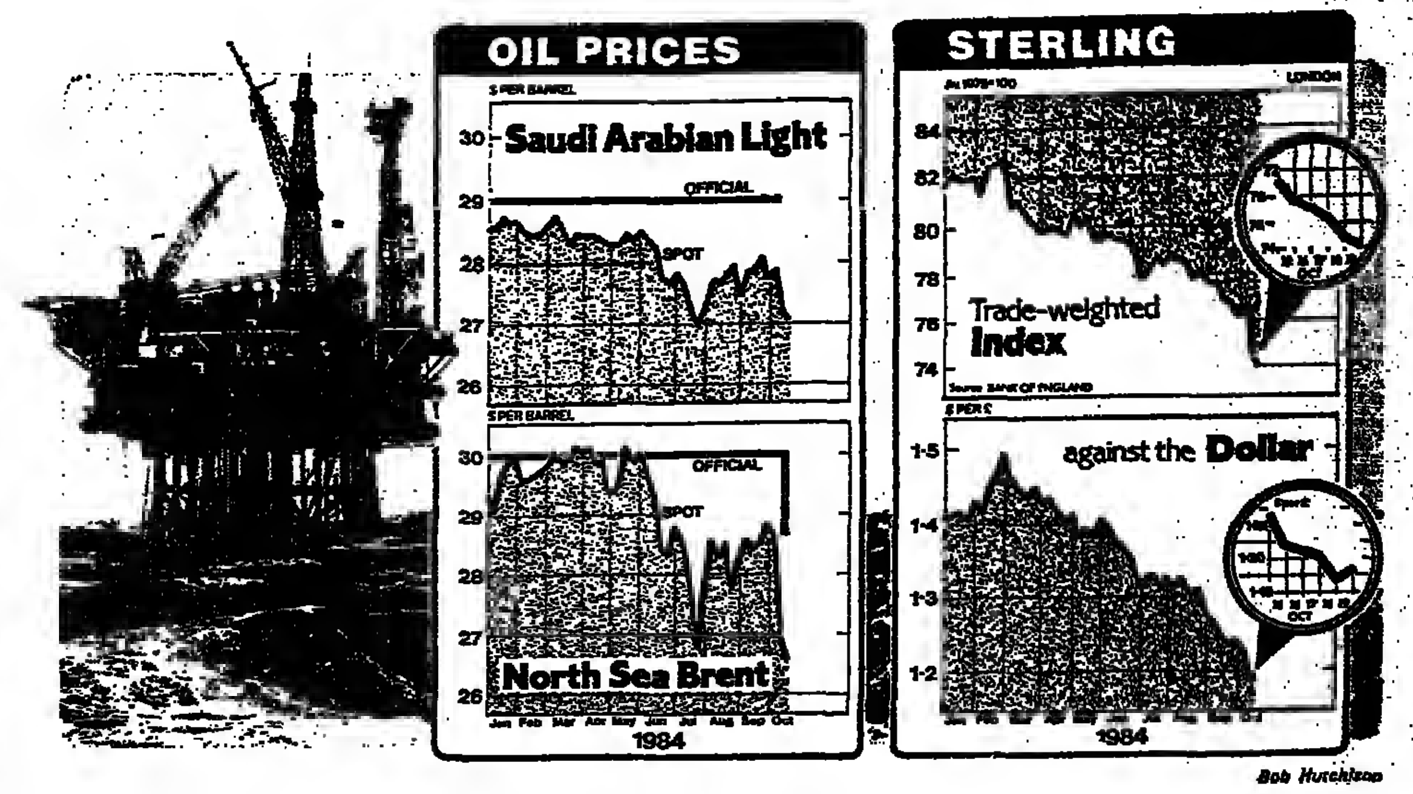
The Government recognises, however, that the situation now is very finely balanced. The absence of the threat of higher interest rates to defend sterling can boost the confidence of speculators selling the currency, turning the market into what foreign exchange dealers call a "one-way street."

Though the Treasury is right to argue that markets that "overshoot" will tend to correct themselves, the lesson of the dollar's performance over the past two years is that the process can take a very long time.

Whatever the Government says about coal stocks, an all-out strike by the pit supervisors would arouse City fears that power cuts might be on the way.

That, and the continuing disarray in the oil market, could—according to the "alarmist" scenario—push sterling further down and provide a strong inflationary shock. The Government would then be forced to act to maintain the credibility of its anti-inflation policy.

Rather than raise interest rates the Government could seek to defend sterling by selling part of its foreign currency reserves. The Bank of England is believed to have suggested this in July, but Mr Lawson has so far shown no sign of shifting from his opposition to anything more than small-scale intervention to smooth any fall.



FALLING OIL PRICES: THE STRAINS THAT NOW FACE OPEC

ARE OIL prices set to plummet? or will the oil ministers of the Organisation of Petroleum Exporting Countries (Opec) be able to patch up a truce in the price war that now threatens them?

The international oil industry is anxiously debating these questions following a week which saw Norway—the least likely of hawks—leading off a round of price cuts which have been rapidly followed by Britain and Nigeria.

It remains far from clear just how willing Opec members will be to work together to prop up their price structure, but the origins of the present disarray suggests that rapid, concerted action by them could stop prices plummeting steeply.

Surprisingly, perhaps, overall supply and demand for Opec oil is broadly in balance as the Northern hemisphere heads into the winter months of heavy fuel use.

Opec, in an attempt to hold up prices, has since March 1983 had an official overall production ceiling of 17.5m barrels a day. The organisation's output in October is expected to be right in line with this. The only country thought to be significantly exceeding its national quota is tiny Qatar.

Most recent estimates by the International Energy Agency are that demand for Opec oil could rise to 18.4m b/d in the last quarter of this year.

Opec countries have been hoping for a greater surge in winter demand than that, but it appears that the world's appetite for oil has been dulled by the strength of the dollar, in which crude is priced.

Nevertheless, Opec quota breaking, which lay behind a slump in world oil market prices in July, appears not to be the cause of the present drop.

Two factors seem responsible: a misalignment in the price differential between various types of crude; and discounting by producers in a buyer's market.

● Differentials. Light crude oil—such as that produced in the North Sea and by Nigeria—has always enjoyed a significant price advantage because, when refined, it produces more of high quality products, such as petrol.

However, in recent years the upgrading of oil refineries worldwide has meant that greater quantities of petrol can be obtained from heavier, cheaper crudes.

These changes have not been fully reflected in the Opec price structure since differentials were last set, at the beginning of 1983.

The clearest example of this can be seen in the spot market price of Arab light and Arab heavy. Even after this week's North Sea cuts had thrown the spot market into a state of near-panic, the price quoted for Arab heavy was still at a premium of over 50c its official price. Arab light, however, was trading at about $1.50 below the posted price.

● Discounts. Several OPEC producers have for some time been offering significant discounts on the official prices of their crudes.

Pressures on them to do so stem from both the anomalous state of differentials and the fact that, with world production capacity far exceeding demand, buyers can easily play off one producer against another.

In late autumn Iran's big Japanese customers began switching to other Gulf suppliers. The Japanese ploy of playing one supplier off against another worked, and since then Iran has been discounting by amounts thought to be in the region of $1.30 a barrel.

The discounting spread to Libya and then Abu Dhabi threatened to cut unilaterally the official price of its Murban crude, which is of a similar quality to that produced in the North Sea.

Spot prices for North Sea crudes dropped rapidly to the point this week where Statoil, the Norwegian state no longer change customers the official $30 price without a drastic loss of business. Seen in this light, the North Sea producers have been following prices down, rather than leading them.

Opec could try to solve the present crisis by restructuring differentials. But since the North Sea and Nigerian cuts Opec ministers, including Kuwait's Sheikh Ali Khalifa Al Sabah, have reaffirmed their complete determination not to cut the official $29 marker crude price. Sheikh Ali Khalifa said yesterday that such a cut was "out of the question."

If that is to be the policy, then the only solution for Opec would appear to be a dramatic cutback in its official production ceiling. Before the last emergency Opec meeting, in London, in 1983, the organisation held the line by cutting back temporarily to an output of only 15.5m b/d.

A sufficiantly savage cutback in production might even leave Opec free to raise the price of its heavy crudes, and thus drive demand back into the lights. But whether the economies of Opec's debtor nations such as Venezuela and Nigeria could cope with such austerity is another question.

Mr Donald Hodel, the U.S. Energy Secretary, speaking in London on Thursday, appeared to warn Opec against an obsessional defence of its posted price. "No matter how much the price is defended the correction will come and it will be more drastic and catastrophic if oil producers hold the price too long against the market," he said.

The problem is, as Mr Hodel himself conceded, that no one can tell what is the "true" market price of oil. As a leading North Sea oil producer said, in the wake of the BNOC price cut: "The only sure floor to the price of oil is the cost of production. For existing North Sea fields, it is about £11 a barrel. For the Gulf producers it is way, way lower."

Dominic Lawson

Letters to the Editor

Reforming the rates

From Mr R. Barycz

Sir,—Once again rate reform seems to have eluded the best brains of Government and Treasury.

Might I make a suggestion? Currently tha rateable valne of a property is calculated on the rent the owner could have charged for it in 1973. This is universally agreed as absurd and unfair—even if there was enough of a market in rented property to make for a proper evaluation.

What, then, to take its place? Peopla no longer rent property, they buy it and they sell it. So what could be simpler? The rateable value of any property should be set, automatically, when yon buy it, at 1 per cent of tha price yon paid for it. Improvements and additions should not affect the rateable value one jot, it will only change if yon sell your property.

I wonder why such a method has not been proposed before? It is simple, logical, fair and entirely self regulating, it needs no bureaucracy, no standing committees, no quangos—but I think tha foregoing has done more than enough to explain why such s method has never heen considered hefore, at least not hy Government or Treasury!

R. I. Barycz,
30, Millmark Grove,
New Cross, SE14.

Some economies are not what they seem

From Mr A. Scott

Sir,—If the Government invests money in the infrastructure it uses British firms and labour and gets hack a huge amount of its investment in the form of taxes on the companies and their workforce which far exceeds any interest payahle on the money horrowed. It also saves on unemployment pay, across the water. I do not say that public transport should he inefficient, as that puts up fares, hut it should be attractive and plentiful. Driving more and more people into cars causes ever more congestion and rising costs for the health service. Repairs on people after accidents can be very expensive and among those killed are peopla with a lot of talent which has cost thousands to nurture and such are a hig loss to the economy. Use of public transport also makes people use their legs more, which is also better for their health. Good puhlic transport is also appreciated by tourists.

No doubt other readers can think of economies which are not entirely what they seem to be.

A. H. Scott,
102, Beeches Road,
Chelmsford, Essex.

Plutonium and nuclear waste

From Mr D. Lowry

Sir,—Two major reports that could have substantial bearing on the nuclear power industry in the UK came out recently and the issues with which they dealt—plutonium and nuclear waste management—are two that certainly merit attention.

The plutonium report was part of the Campaign for Nuclear Disarmament's evidence to the Sizewell inquiry. Two points of the highest importance were raised. CND included part of an interview with Lord Hinton, the much respected former chairman of the Central Electricity Generating Board (1957-1964) in which he described the evidence submitted by that industry to a current public planning inquiry that surely merits discussion.

CND also argues that 8-7 tonnes of high purity plutonium is unaccounted for in published records of hte CEGB. ... senior U.S. nuclear planning officials, including an ex-CIA daputy director and ex-non proliferation ambassador to the U.S. Arms Control and Disarmament Agency, have described this hlurring of civil and military nuclear activities as a death knell for nonproliferation.

This is a matter that Mr David Fishlock, your science editor, previewed so perceptively in his article "The plutonium hot potato" (October 27 1981) and which should now be followed up as a matter of urgency.

The second report was from Friends of the Earth and entitled "The gravediggers' dilemma." It is a fierce critique of the way in which plans to deal with nuclear waste in this country have been handled. Among its most important recommendations are the halting of reprocessing at Sellafield. This would have major repercussions on British Nuclear Fuels' £1.3hn capital investment plans and serious implications for employment in west Cumbria, already an area of high unemployment. Despite this, FoE has considered it the most appropirate decision.

David Lowry,
Energy Research Group,
The Open University,
Wolton Hall,
Milton Keynes, Bucks.

Collecting by-gone utensils

From Mr C. Hadland.

... first mentioned by Edward Lear in 1846. The spoon, manufactured by the Hewlett Johnson Gompany of Cantarbury in the 1840s, was of a soft, not very bright metal, with its howl twisted to the left. Designed for the feeding of backward infants, very few were made since it was scorned by the middle class nannies of that period. The spoon is now a very rare collectors' piece of Victoriana.

Clive Hadland,
Essex County Gonncil,
Thurrock Management Centre,
Love Lane, Aveley,
S. Ockenden, Essex.

A higher mark-up

From Mr P. Tray.

Sir,—Contrary to Mr Dodd's assumption (Octoher 16), the Duty on portahle disc players is 9.5 per cent (19 per cent if incorporating a laser optical reading system), which hardly accounts for price differences between £163 and £300.

More than 20 years ago, the UK distributors of a well-known Swedish manufacturer of calculating machines quoted around £370 for an electro-mechanical model (this was hefore the age of electronic ones). The identical machine cost £190 in Sweden, so I imported one myself (which, to the amusement of my friends, is still giving sterling service).

The UK distributor was quite upset by my purchase, explaining that since it only sold relatively few ... not entirely surprising that sales at almost douhle the Swedish price would tend to be on the slack side! (The Duty, speaking from memory, was 6 per cent at the time.)

Peter H. Tray,
Richard, Archie & Co,
Victoria House,
Southampton Row, SW1.

Slow tax credits

From Mr J. Lindsay

Sir,—During the tax year 1983-84 significant investment activity was centred around the Business Expansion Scheme. This activity was solely attrihutable to the generout tax concessions offered to tax payers investing in what were largely "speculative" small company investments. It comes, therefore, as a great disappointment to promoters of BES investments and BES funds that the Inland Revenue has been decidedly slow to make available the tax credits that have acted as the key promotion tool for this much needed "new" investment in British industry.

The BES is exclusively centred on the sale of new shares unlike the USM where significant amounts of money have changed hands hut often merely for the benefit of existing ahareholders.

UK investors are generally noted for their aversion to risk and as a result small and start-up companies generally rely solely on deht financing in their early years. The BES financing route enahles the Government to indirectly sponsor young company financing which has implications for the development of new industry and employment. The tax concessions offered under BES help to reduce the risk aversion of would-be investors.

If the Inland Revenne continues to tardy on tax credits in respect of 1983-84 the BES investment outcome for the ... year BES prospects. Prompt processing of tax claims is crucial in any event to ensure the continuation of the scheme in future years.

John A. Lindsay,
Antrim Financial Services,
Warnford Cour,
Throgmorton Street, EC2

Working for London ?

From the Press Officer,
Campaign to Abolish the GLC

Sir,—Greater London Council's full page advertisment (October 15) on tha virtues (follies? misdeeds?) of the Greater London Enterprise Board is more than a little disingenuous in claiming to "increase the industrial prospects for London."

Far from being an agency committeed to encouraging commercial life in the capital, the GLEB, is, on the contrary, a highly political creation which dahhles at the margin of politics and social policy.

For instance, only on June 27 this year the GLEB was found to be hard at work disrupting London5s indnstry and commerce hy helping to organise the ill-fated south east region TUC/NUM "dsy of solidarity" with the miners.

A notice, which I have before me now, urges all-out mohilisation for the miners in their fight against the Government and the contact telephone number for organisers of the proposed dayo f action turns out to be GLEB headquarters. Further, GLEB staff memhers were found to he servicing incoming inquiries on behalf of the highly left wing Grester London Association of Trades Councils, the bory responsihle for the said day of disruption. What could be more enterprising than that?

In view of these scarcely concealed political activities, are we really to take seriously the ahove advertisement's additional claim that the GLC is working to ensure a "real future for London and Londoners"?

THE SELLING OF BRITISH TELECOM

The making of a £200m campaign

Duncan Campbell-Smith on a long and costly process

ONE DAY next month, well over 300 financial institutions are due to sign for a binding participation in share purchases worth more than £3½bn—equivalent, that is, to the total amount of new money they invested in all other UK equities put together between January, 1983, and June, 1984.

This one transaction will add about 6 per cent to the market capitalisation of the entire FT-A 500 share index. For the shares being bought will represent 51 per cent of British Telecom; and they will finally be passing from Government ownership into the private sector via a transaction of considerable complexity.

It will have taken three years to arrange, at an all-in cost—ranging from TV commercials to special incentive schemes—of not less than £200m. In the process, an army of bankers, stockbrokers, civil servants, lawyers and advertising agents has made up a sales force without equal in the history of the world's capital markets.

To help you to share in BT's future, as the sale campaign's catch phrase would have it, the Government and all its advisers have soldiered on through a daunting series of obstacles.

Co-ordinating the parties involved has been a challenge in itself. The pin-striped battalion has had to contain its impatience with the men from the ministry, just as Whitehall has had to set aside its own deep mistrust of the City. A West End advertising agency found itself making a video presentation to a room full of City solicitors on one occasion—nothing could better epitomise the mix of disciplines and styles which have had to be accommodated.

A succession of legal minefields have been crossed, apparently without mishap. This also is no mean achievement, given the intention to sell some portion of the 51 per cent—yet to be decided—in foreign markets as complex as Japan and the US. Investment regulations in the U.S., for example, will preclude any public discussion of BT over there until the sale is registered on October 26.

Above all, though, the vendors have had to confront the most obvious problem of all: how to place hundreds of millions of shares among a public notorious for its lack of interest in equities. Less than 1.5m people in Britain own shares.

The Government's thinking on this seems to have come almost full circle. It started with a discreet passion to turn BT's sale into a big breakthrough for wider share ownership. But the ministers involved were dissuaded from this course, not least by the impractical logistics of the huge share register with which BT might have been saddled.

Having shelved that idea—and a "hard sell" for BT always looked a political hot potato—there seemed little alternative by late 1983 to a dependence on the buying power of the City's institutional investors to take up the great majority of the shares on offer.

This brought the Government up hard against a dilemma already familiar from earlier privatisations: the heavier the Government's public commitment to a sale of this kind, the bigger the barrel it can find itself pulled over by the City's professional fund managers. For the Government ends up having to sell, while the City need not buy.

The consequence on several past occasions — and most notoriously in the case of Britoil—has been an acrimonious bout of horse trading over the terms and conditions of sale at the last moment.

This sticky predicament could still befall BT. The possibility has undoubtedly caused concern in Whitehall—not surprisingly, since the size alone of the BT operation could make it a perfect prescription for the tightest buyers' market yet encountered. The extent of the selling campaign, in short, reflects a determination from the start to avoid such a denouement.

This largely explains why such a protracted timetable was adopted for the sale, as the diary shows. Every allowance has been made for crucial issues like BT's capital structure, pension arrangements and regulatory context to be addressed, and argued over, in good time.

As one round of meetings has followed another every opportunity has been taken to try to square up the institutions ahead of the final price. Indeed, BT and its advisers, led by merchant bank S. G. Warburg, have sometimes found it hard going to remind both the seller and the prospective buyers of BT's own post-sale interests: its need, for example, to avoid too high a dividend burden on its future cash-flow.

For the Government, and Kleinwort Benson on its behalf, there has been a different priority. Involving the City as much as possible in the construction of the detailed financial package has been seen as the only effective way to try to combat the risk of a buyers' strike next month.

Some results of this approach have been fairly comical. Customers in the Square Mile unhappy about BT's service and enterprising enough to complain directly to its chairman —as M & G fund managers did by telex, over a new £300,000 exchange inadequately installed in June—have met with a rapid five-star response.

But there have also been three profound consequences for the sale. First, the fund managers who control the bulk of the nation's savings have made clear that any hope of raising a few billion pounds of cash at one go is merely pie in the sky. Their own cash flow would simply not allow it, even though investment policies have been juggled for months past to make allowances for BT's call on their funds.

Accordingly, arrangements have been made for a much longer than usual "call period" with next month's 40 per cent down payment to be followed by two payments of 30 per cent each in June, 1985 and March, 1986—not only in the UK but in the U.S., too, where it will be a notable precedent.

Second, City objections appear to have led the Government into setting its sights on a rather lower price target than was initially envisaged. Partly as a negotiating tactic, no doubt, the selling team began by emphasising BT's potential as a glamorous growth stock. A dividend yield of below 4 per cent was even mooted, with a price in the vicinity of 13 or 14 times prospective BT earnings, which, for example, would have set it exactly on a par with Cable and Wireless.

Mr John Manser, managing director of Save & Prosper, describes a typical response encountered last February. "I have always made it clear to whoever has asked me that the only way BT could ever be successfully underwritten, placed and sold to the public would be as a utility stock, on a yield about 50 per cent greater than on the FT-A index at the time of the issue."

The Government quickly changed its goal to a 6 per cent yield, while the institutions edged back from hopes of a double digit figure. The compromise now seems just about midway between them—suggesting a 7-7½ per cent yield, with a share rating appropriate, say, to a company with a reliable but unexciting earnings stream from providing a fundamental service.

And third, a year of comings and goings in the City has culminated in agreement on a procedure for the actual sale and distribution stage next month which will incorporate several weighty innovations.

There will be not one but two prospectuses, broadly in line with current U.S. practice. The first will be followed by a three-week selling period, culminating in "Impact Day," scheduled for November 15. On that day, the price will be fixed and an allotment made between those shares to be sold in the UK and those to be set aside—courtesy of a brief warehousing role by the Bank of England—for sales overseas. The UK shares will be immediately underwritten; but perhaps as much as 60 per cent of them will then be placed directly with UK institutional investors, leaving the rest to be sold more in line with traditional UK methods. Once this has been completed ten working days later, the overseas shares will be underwritten and distributed by the foreign banks in time for all BT share dealings to begin simultaneously in December.

Beyond the City, meanwhile, an Act of Parliament has authorised the use of an abridged final prospectus, complete with an attached application form. A network of selling intermediaries will stretch all over the country and the closing weeks of the campaign will be aided by the final burst of an unprecedented TV advertising blitz.

As this suggests, the Government's early resignation to a preponderant role for the City is not the whole story. Indeed, the wider retailing campaign has developed almost a momentum of its own and the intriguing possibility exists that public demand for shares could emerge well in excess of expectations held only six months ago.

Then, the government was interested in stimulating a general interest in BT chiefly in order to gain more room for manoeuvre in its dealings with the professional money men. But now that share subscriptions from the public could exceed, say, 15 per cent of the total, some of the Government's early proselytising zeal for share ownership has begun to reappear.

And no wonder. Latest MORI poll results show that 75-80 per cent of the public is aware of the progress of the sale and evidence is mounting of a quite unexpected enthusiasm. It extends from the West Country at one end to the Western Isles at the other. As an Aberdeen stockbroker expressed it: "We're not exactly sitting up here with the heather coming out of our ears—nevertheless, this is the biggest thing ever and it's all very exciting."

This is the last in a series. Previous articles appeared on October 8, 10, 12, 15, 17 and 19.

The vital dates in the run-up

1982
AUGUST—Kleinwort Benson appointed as merchant bank to the sale.

1983
OCTOBER—Morgan Stanley appointed U.S. financial adviser (Nomura in Japan and McLeod, Young, Weir in Canada later appointed on similar mandates to handle other main foreign markets).
—Dewe Rogerson appointed to handle £3m advertising and public relations campaign.
NOVEMBER—Power Behind The Button media campaign launched for BT at cost of more than £10m by Dorland Advertising.

1984
JANUARY—Blueprint drawn up for sale campaign.
—1m copies printed of a new Stock Exchange brochure, "An Introduction to Buying and Selling Shares."
FEBRUARY—Kleinwort and Hoare Govett, lead broker to the issue, visit 120 City institutions.
MAY—BT Share Information Office set up: 600,000 inquiries answered by the end of September.
—18 regional stockbrokers appointed: BT Exhibition Train tours the UK.
—Government appoints Dorland Advertising as agent to the sale and approves £7.6m media campaign (Power Behind The Button ads suspended).
JUNE—Links established with 70,000 financial intermediaries, including 14,000 High Street bank managers.
JULY—Information leaflets inserted into 20m BT quarterly bills over July-September period at a rate of 300,000 a day.
—Over 300 City institutions, including the original 120, canvassed by Hoare Govett, joined by Scrimgeour Kemp-Gee and de Zoete and Bevan as associated brokers.
AUGUST—TV campaign begins with two 60-second commercials (cost: £70-£100,000 a showing.
AUG-NOV—Four direct-mailing campaigns covering 35,000 private firms of brokers, solicitors and accountants.
OCTOBER—Brokers to the sale launch the third and final series of informal conferences.

PROVISIONAL SALE SCHEDULE
OCT 26—Publication of "Pathfinder" preliminary prospectus in UK and registration of sale documents with Securities and Exchange Commission in U.S.
NOV 15—Three-week intensive selling period concludes with Impact Day: price and other terms set, for announcement next day.
NOV 20—Full prospectus published in UK and overseas.
NOV 28—Last day for purchase applications, to be in by 10 am.
DEC ?—First dealing day for newly-quoted BT shares.

Regulating the City

The search for a paragon as supremo

By Richard Lambert

WANTED one very distinguished City gent. A figure of the utmost integrity, he will combine a steely mind with a persuasive personality and an ability to master the most arcane financial issues. He must be prepared to work 24 hours a day in full public view, and be accountable to both Whitehall and Westminster. To someone of this calibre, the salary on offer will not be very attractive.

Applications, on a postcard please, to the Governor of the Bank of England.

It sounds a tall order. But the Bank's success in its search for this superstar will play a big part in determining how the City of London will be run in the future.

Sometime in the next few months, the appointment will be announced of the executive chairman of a new supervisory body responsible for the good conduct of Britain's investment industry. This will be a decisive step in a process which started more than three years ago, when the Government started to get worried about the issue of investor protection.

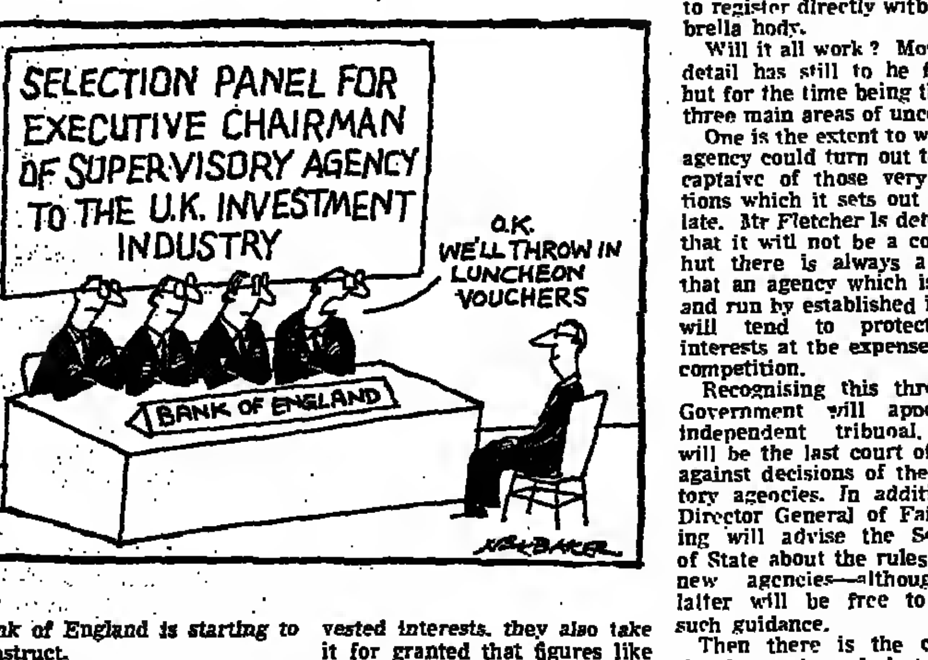
Legislation in this area has been notoriously inadequate for years. The major statute, the Prevention of Fraud (Investments) Act dates back to 1939 and has been left stranded by the swing during the past 40 years from direct personal investment to indirect investment through managed funds of one kind or another. Several nasty scandals forced the Thatcher Government to turn over this stone. And the need for reform has been made even more urgent by the upheaval which is now under way in the structure of the City's financial institutions.

In the past, the clear distinction between principal and agent on the Stock Exchange has been one of the bulwarks of UK investor protection. Now that is crumbling as brokers merge with jobbers, and other potential conflicts of interest are threatened by the growth of financial conglomerates.

This week, the Government gave the first official trailer of its new policies for investor protection. In the words of Mr Alex Fletcher, the minister responsible for corporate and consumer affairs, its approach is to be based on self-regulation within a statutory framework.

The new structure will have a greater statutory element than might have seemed likely a year or so ago. But it has been largely designed by the City establishment, which is determined to keep its hands on the levers of power.

Two new supervisory bodies will be set up—one to regulate the marketing of life assurance policies and unit trusts and the other—a much more influential, Bank of England is starting to construct.



The hope is that it will be operating in embryonic form as early as next spring—so that its character will have been shaped well before the Government introduces the legislation necessary to give it statutory powers in November of next year.

One of the few areas of disagreement between the Government and the City is about who will make the key appointments thereafter. The Government, not surprisingly, wants to have a say in choosing the people to whom it will be delegating statutory powers. The City is resisting, arguing that a future Government of a different colour might use political appointments to upset the apple-cart.

The idea is that there will be quite a small governing council, consisting of the executive chairman and a group of part-timers. If the City has its way, perhaps half of them will be its own practitioners, and all the rest will be people of proven business experience. No statutory laymen please, vested interests, they also take it for granted that figures like the chairman of the Stock Exchange will be there more or less of right. The Bank, however, is likely to keep out of the limelight.

Beneath this council will be a full-time executive organisation, and the $64 question is about its size. The costs of running the operation will be met by users of the financial markets, rather than taxpayers, and they will be hefty. The executive will absorb the Takeover Panel, and will be responsible for licensing and monitoring a wide range of investment businesses. On one well informed guess, the annual cost could range between £5m and £10m, and it could be more in practice. This will not make the agency the most popular show in town.

Once it gets its statutory powers, its real job will begin. This will be to act as the ultimate licensing authority for everyone offering investment services. It will approve the terms and conditions under which licences are issued covering ... ager, and more general rules of conduct.

Unless you are on its register, you will not be able to do business. The present category of "exempted dealers"—mainly merchant banks, licensed deposit takers and insurance companies—will be abolished and the Prevention of Fraud (Investment) Act will itself probably be repealed.

To make the job more manageable, the agency will delegate its licensing powers to three other bodies: the Stock Exchange, an enlarged National Association of Security Dealers and Investment Managers and the Association of Futures Brokers and Dealers. Firms which do not fit comfortably into these groupings will be able to register directly with the umbrella body.

Will it all work? Most of the detail has still to be filled in, but for the time being there are three main areas of uncertainty.

One is the extent to which the agency could turn out to be the captive of those very institutions which it sets out to regulate. Mr Fletcher is determined that it will not be a cosy club, but there is always a danger that an agency which is set up and run by established interests will tend to protect those interests at the expense of new competition.

Recognising this threat, the Government will appoint an independent tribunal, which will be the last court of appeal against decisions of the regulatory agencies. In addition, the Director General of Fair Trading will advise the Secretary of State about the rules for the new agencies—although the latter will be free to ignore such guidance.

Then there is the constitutional question. It is true that the Government has in the past delegated powers by statute to such bodies as the Insurance Brokers Registration Council. But the two new umbrella agencies will have a much wider remit, spreading well beyond the interests of those who run them. How closely accountable will they be to parliament, and how will they work with the civil servant? Relationships between the Department of Trade and the City have not always been sweetness and light: each tends to blame the other when something goes wrong.

Finally, it has to be seen whether the City will be willing to put up money and talent to do the job properly. We can expect the Bank of England to start a discreet selling campaign in the coming months, which will include the gentle reminder that if this system is not made to work, the alternative—a fully fledged government agency—could be a lot more distasteful. Its credibility will depend in good measure ...

GUS profits continue to show growth

A CONTINUED improvement in profits in the current year at Great Universal Stores is indi- chairman, in his statement with the 1983/84 accounts.

Turnover and profits of this mail order, manufacturing and finance group were ahead at the three months stage and now Sir Isaac reports that after five months profits continue to show an improvement over those for the same period of last year.

Last week the group announced the sale of a 17.2 per cent holding in Empire Stores (Bradford). This disposal, which leaves the group with a 12.7 per cent holding in the mail order group, is in line with an order from the Office of Fair Trading that it be reduced to under 10 per cent by January 1985. A bid by GUS for Empire was blocked by the Monopolies Commission in May 1983.

In the year ended March 31, 1984 turnover excluding VAT showed an 11 per cent gain to £2.03bn with profits before tax rising at a slightly higher rate of 12.5 per cent to £226.5m. Net earnings per share came through 18 per cent ahead at 54.14p.

The group experienced varying rates of increase from its three main business divisions. The largest came from manufacturing and merchanting where profits, before tax, showed a rise of 32 per cent. In catalogue and shop retailing the increase was 14 per cent and in finance property and travel there was an improvement of 5 per cent.

Sir Isaac says that during the year large sums were invested in technology for the catalogues and telephone shopping division. Advanced catalogues production techniques and new merchandise ranges are being developed.

The group made a good showing overall in Europe. Profits increased with a particularly good results from Austria, progress in Switzerland and an improvement in Sweden.

In the UK, Cavendish-Woodhouse, Times Furniture and Home Charm, the DIY High Street chain, made an increased contribution to profits. The results from Canada Australia were better.

Burberry and Scotch House produced a record year and have shown substantial growth in retailing exports and royalty income. The chairman says that there is a significant programme for further expansion both in Europe and the U.S.

The accounts show a breakdown of the group's deferred profit—of £179.07m (£168.03m)—for the first time. The group's balance sheet at March 31 reveals a provision for deferred finance charges up from £64.41m to £74.15m. Collection costs at instalment debtors falling due within one year are up from £40.32m to £45.24m while collection costs falling after more than one year increased from £2.83m to £3.28m. The deferred profit on instalment and hire purchase debtors was lower at £56.4m (£60.46m). The total of instalment and hire purchase debtors was £802.2m (£697.98m).

The accounts also reveal a change in treatment of property valuations. The group has already disclosed a surplus of £400m over the book value. This time the group has revealed a surplus of £109.5m on revaluation of investment properties as a result of accounting standard 19. The group has not brought into the balance sheet the surplus relating to its own trading properties.

Divisional analysis

	1983/84 Turnover	1983/84 Profit	1982/83 Turnover	1982/83 Profit
	£'000	£'000	£'000	£'000
Catalogue and shop retailing	1,625,835	160,192	1,495,518	140,824
Manufacturing and merchanting	84,696	13,326	80,559	10,115
Finance property and travel	322,312	53,030	256,855	50,445
Geographical analysis				
United Kingdom	1,572,089		1,411,406	
Europe	268,251		244,360	
Rest of World	192,703		177,166	

Fortnum & Mason progress maintained

THE IMPROVEMENT seen at Fortnum & Mason at the last year-end when profits increased from £189,000 to £522,000, continued during the first 28 weeks to August 11 1984.

Pre-tax profits emerged at £63,000 compared with losses of £136,000 in the comparable period last year. The interim dividend is raised from 3.5p to 5p net to reduce disparity—last year's total was 28.5p.

Turnover of this London departmental store—it is a "close" company—improved from £4.63m to £5.3m. There was a trading loss of £78,000 against £242,000. The pre-tax figure was after interest receivable of £141,000 (£106,000). Tax took £27,000 (£99,000 credit).

Mr Garry Weston, chairman of Fortnum & Mason, reports a continuing of the improvement seen in the second half last year

Mr Garry Weston, the chairman, says that while it is too early to make firm predictions, it is anticipated that trading results for the year, based on current indications, would show further growth.

Although virtually all departments in the store have performed well, sales of food and wines and in the restaurants have shown particularly strong growth.

The increased level of activity has been, in some measure, due to the abnormally high inflow of overseas visitors this year, particularly from the U.S.

However, Mr Weston says, there is no doubt that the continuing improvement in the product range and the level of customer service is making a major contribution to sales development.

The company is controlled by Wittington Investments, the Garfield Weston family company.

Scottish Television sees strong rise this year

PROFITS SOME 78 per cent higher at £1.35m, against £759,000, were achieved by Scottish Television in the first half of this year and the company expects the full year result to show a substantial increase.

Over the opening six months, sales of advertising advanced by £5.29m to £25.52m and sales of programmes and services were higher at £1.56m compared with £1.4m.

Since the end of the interim period advertising income has grown by 13 per cent over the comparable third quarter of 1983, but the company does not expect a higher figure than this for the remaining three months.

While the second half will inevitably contribute a smaller proportion of profits than it did last year, the company says that the result for 1984 should be substantially higher than the £2.62m pre-tax attained in 1983.

Profits for the first half were subject to tax of £661,000 (£395,000), leaving a net figure of £689,000 (£364,000) equal to earnings per share of 10.43p (7.63p).

Shareholders in Scottish Television, which has close company status, are to receive an interim dividend of 2.3p compared with 2.1p.

● comment

Behind what is going to be an excellent set of full year results for Scottish TV lies the signal that advertising revenue is on the wane. After a very strong first half, during which "ad" income was running 26 per cent higher, the rate of growth has halved, which could be a reflection of the miners' strike or one of the tell-tale signs that the local economy is losing its head of steam. But an on-going 13 per cent increase is still not to be sneezed at, and STV is well positioned to make good use of opportunities. Costs are under strict control and the ending of the IBA/Equity dispute will accelerate closing of the gap between Channel 4 subscriptions and income. Furthermore, there are bright prospects for satellite broadcasting, for which STV is gearing up with the £4.2m rights. On the current momentum a conservative £3.75m looks possible this year which, after 45 per cent tax, puts the 188p shares on a multiple of 7.6.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Border & Southern	2	Jan 3	1.55	3.3	3.15
Fortnum & Mason int	5¶	Dec 29	3.5	—	28.5
Lake View Inv int	1.6	Nov 30	1.55	—	4.4
London Atlantic Inv int	1.85	Dec 14	1.75	—	5.55
Lowland Invest	4.2	Dec 24	3.65	6.5	5.75
North Sea Assets	0.5	Dec 18	3	1.5‖	3
Pochin's	11	Dec 7	11	11.88	11.88
Rivoli Cinemas	65	—	63	65	63
Scottish Television int	2.3	Nov 29	2.1	—	5.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To reduce disparity. ‖ Includes special non-recurring payment of 1p.

Provision hits profits at Pochin's

THE FALL in pre-tax profits from £539,000 to £505,000 for the year to end-March 1984 at Pochin's, Cheshire-based builder and civil engineering contractor, arises from the provision made relating to a court judgment against Pochin (Contractors).

The amount of the damages has not yet been finally determined, but the directors believe the provision is adequate.

Turnover increased from £17.15m to £20.68m over the year, and although the company is facing "cut-throat competition at every level," Mr W. R. Verity, chairman, says that the present workload is reasonably comparable with that obtaining at this time last year. This is due in part to the group's design and build activity.

The company's construction workload is primarily obtained in the North-West/North Wales area, he adds, "probably the hardest hit areas of the country."

The directors are recommending a same again final dividend of 11p, making 11.875p (same) for the year. Net earnings per 25p share were stated down at 44.14p compared with 49.14p.

Tax was higher at £46,000 (£28,000), and an extraordinary debit of £250,000 (nil) related to a deferred tax charge.

In addition, there was an extraordinary debit of £105,000 (nil), which was disposal surplus.

Forward Technology increases

AN "encouraging increase" in pre-tax profits for the six months to end-June 1984 at Forward Technology Industries, Hertfordshire-based manufacturer of electronics and specialised machinery, reflects a continuation of last year's improvement, says Mr Henry Prevezer, group chairman.

Taxable profits for the period rose from £111,000 to £174,000, on turnover ahead by £661,000 at £15.6m.

Despite the better trend, with net earnings per share at 0.5p compared with a loss of 0.3p, the directors have decided it would be prudent to await the year-end results before considering the payment of a dividend, says Mr Prevezer. Historically the bulk of the group's profits are earned in the second half of the year, which amounted to £694,000 in 1983.

However, he says, assuming a continuance of the current trading position, the directors are hopeful of being able to recommend a dividend when the full year's results are announced. The last dividend pay-out was in respect of 1981 when a total of 3p per share was paid.

So far as the second half of the current year to date is concerned, the chairman says the order book has continued to improve in both product areas, and despite the reduced margins on sound and vision, the better electronics results should allow overall profitability for the year to show further improvement.

All the indications are satisfactory, he says, and the board has confidence in the outcome for the year.

Turnover for the first half in the electronics division showed an increase from £9.98m to £10.67m, with profits of £554,000 compared with £451,000.

In certain areas of the sound and vision business, however, margins were adversely affected by increased competition. Here turnover was down from £4.95m to £4.92m, and profits fell from £341,000 to £161,000.

The first half was also affected by start-up costs of the "Cambra" record label, which, the chairman reports, has been well received by the retail trade.

Central overheads were reduced by £40,000 to £121,000, leaving group operating profit down at £594,000 (£631,000). Interest charges, reflecting reduced borrowings fell by £100,000 to £420,000.

After lower tax charges of £58,000 (£150,000), and minorities taking a higher £26,000 against £10,000, retained profit stood at £90,000. Last time there was a £176,000 transfer from reserves, after an extraordinary debit of £127,000.

appointed Mr David Spyer as

Morland £20m reverse takeover

BY CHARLES BATCHELOR

Access Engineering is making a reverse takeover of Morland Securities, the property development group which was suspended from trading on the USM in February, in a deal worth nearly £20m in Morland shares.

Access is a Yorkshire-based group which has developed an hydraulic work platform claimed to be an improvement on conventional scaffolding.

Morland, which will be renamed Access Satellite International, hopes to return to the USM on November 28.

Access made pro-forma pre-tax profits of £1.35m in the year ended April 30 1984 on turnover of £3.32m. Earnings per share were 5.1p while net assets at the year end amounted to £4.46m.

Morland will issue 13,076,800 new shares to acquire Access Engineering's ordinary and preference share capital. Morland will offer 1.5m of these shares and a further 1.5m shares for sale by tender to be underwritten by stockbrokers, L. Messel, at a minimum price of 150p.

Including Morland's existing 1.28m shares the new group will have a total of 15.87m shares in issue after the flotation worth £24m at the minimum tender price.

The Access work platforms can be towed to the site and erected in a fraction of the time needed for conventional scaffolding. Erection time on one contract to refurbish a block of flats in Scotland was cut from six weeks to two days, Access said.

The hydraulic work platform was the brainchild of Mr John Garton, who found conventional scaffolding, hydraulic booms and scissors lifts were unsuited to a hangar construction project in Saudi Arabia.

"Scaffolding has not changed since the building of Noah's ark," he said yesterday. "We would have needed to build a second hangar out of scaffolding to do the job in Saudi Arabia. There was nothing on the market to do the job."

Mr Garton developed a hydraulic work platform up to 60 ft high which can operate to heights of 328 ft, allowing workmen more convenient access to larger areas than conventional scaffolding. Further possible applications are in shipbuilding and repair and aircraft maintenance.

Access hires out its platforms in the UK but sells them in the U.S., where it has established a chain of 10 distributors. It has factories in Featherstone, South Kirkby and Birstall.

Mr Garton, Mr Martin Wardman and Mr Richard Mark will join the Morland board while the current directors, with the exception of Mr Jeremy Peace, will resign. Mr Peace, who left merchant bank Singer & Friedlander in 1983 to become a fund manager with M & G, bought a 53 per cent stake in Morland for 52p a share from Mr Robert Moore, its managing director, in October 1983.

Chubb recommends takeover acceptance

Following the announcement on Thursday by Racal that its offer for Chubb is now unconditional in all respects, the chairmen of Racal and Chubb met yesterday. At the meeting it was confirmed that the rights of all Chubb employees will be fully safeguarded.

The board of Chubb and its advisers, County Bank, do not consider it in the best interests of shareholders to remain a minority in Chubb.

Mr William Randall, the chairman of Chubb, will be writing to shareholders shortly recommending they accept Racal's offer, which the directors now intend to do in respect of their own shareholdings.

Lowland Investment

Net asset value per 25p share of Lowland Investment Company rose from 189.1p to 229.7p in the year to September 30, 1984. The final dividend is raised from 3.65p to 4.2p for an increased total of 6.5p compared with 5.75p net. Stated earnings per share were up from 6.14p to 6.91p.

Dividend and interest receivable totalled £841,000 (£739,000), and other income amounted to £13,000 (£16,000).

Youghal Carpets downturn and markets still difficult

LOSSES ESCALATED from I£101,000 to I£577,000 at Youghal Carpets (Holdings) in the first six months of this year and, at best, the company can only foresee a reduction on this deficit over the second half.

The directors say that difficulties experienced at this Cork-based carpet manufacturer, spinner and dyer in the first half have not abated and troubles in major markets are continuing.

Group sales for the period dipped from I£22.63m to I£20.31m and no recovery is expected for the remainder of 1984. Trading losses of I£171,000, against profits of I£1.1m, were incurred on the turnover but interest charges were substantially lower at I£408,000 compared with I£1.21m.

The loss per 25p share doubled to 4.6p and there is no dividend. The last payment was made seven years ago. Again no tax was payable.

In calendar 1983 Youghal achieved taxable profits of I£58,000 on turnover of I£47.37m, compared with losses of I£3.14m on turnover of I£45.05m.

Bleak outlook for Francis Sumner

Further losses were sustained by Francis Sumner (Holdings) in the first six months of this year with once again the major factor in the "poor performance" being the clothing subsidiary, H. Edgard & Sons (London).

In addition, the directors say that trading conditions for the remaining textile subsidiaries became more difficult in the period and losses were incurred. Although, a further cut-back in operations has been undertaken, they say that prospects for the remaining part of the year are bleak.

Overall, the group lost £167,000, against £112,000, pre-tax on turnover of £2.11m compared with £2.56m. Losses in calendar 1983 totalled £196,000 on turnover of £4.82m.

Upon disposal Sumner will retain an investment in Edgard in the form of £175,000 of 8 per cent redeemable preference shares but will cease to participate in management affairs.

There is again no dividend for Sumner's shareholders with the loss per share for the interim period shown as 0.62p (0.42p).

N. Sea Assets cuts payment

A reduced dividend of 0.5p against 3p, is being paid by North Sea Assets, the Edinburgh-based investment trust, for the year to September 30, 1984. There is an additional non-recurring special dividend of 1p to raise the total to 1.5p net.

The directors say the reduction in the dividend payment reflects the fact that the company, now being fully invested in accordance with its investment policy of capital growth, no longer has significant funds on deposit earning interest.

Income for the year was £1.81m compared with £1.59m. Interest and expenses took £1.57m (£794,000), after which pre-tax revenue was £245,000, against £792,000 in the previous year. Tax was substantially reduced at £49,000 compared with £354,000.

Stated earnings per 50p share were down from 3.65p to 1.63p.

Wettern Bros. improvement

Wettern Brothers, manufacturer and distributor of construction materials, has returned better pre-tax profits of £52,200 for the six months to June 30 1984, compared with £37,900.

Profits before interest charges of £9,500 (£22,900), were up marginally from £60,800 to £61,900, on turnover down from £3m to £2.2m. This drop in turnover reflects the termination of depot trading in builders' merchants.

Mr R. J. East, the chairman, says that the current level of market activity in the sand and gravel operations of the group is encouraging, although trading conditions remain extremely competitive.

Although the accumulated loss of £306,000 at January 1 1983 and £16,000 at end-December 1983 has now been completely eliminated, the directors consider it prudent at this stage not to recommend an interim dividend, but to await the outcome of the full year, says Mr East. The last dividend was paid in respect of 1979.

Glanfield Lawrence

The full Panel hearing referred to in the announcement of October 8, concerning share purchases in Glanfield Lawrence by Bajau, will be held on October 22.

Out-of-court settlement made by Roberts Adlard

Roberts, Adlard, builders merchant, has agreed an out-of-court settlement with Milton Keynes Development Corporation following legal action arising out of faults found in a housing estate developed in the town 10 years ago.

The corporation was claiming £7m in damages, which was alleged to be the cost of remedying numerous defects in the 569 houses on the Bean Hill estate. Roberts, Adlard was involved in the aluminium roofing and cladding work, which formed the largest portion of the claim.

Proceedings were also taken against the architects and main contractors involved.

The company said yesterday that it had agreed to pay £1.42m in full and final settlement of the claims relating to the whole estate, without any admission of liability.

It will also make a contribution to legal costs, but full tax relief of around £700,000 will be obtained to alleviate the effect of the agreed payments.

The outstanding claim has clouded the company's prospects for the past four years, during which time it has substantially cut its roofing work. It now accounts for less than 20 per cent of turnover.

The board says the company will no longer accept contracts of a similar nature, which should ensure that no claims of the same magnitude arise again.

Sir Edward Singleton, chairman, says the future for the company is "most promising" and that the final dividend this year will be not less than 4p, the level paid in 1983.

Securities Tst. again raises its pay-out

A higher interim dividend of 1.3p, against 1.1p, and a forecast of an increased final of at least 3.7p compared with 3.2p have been declared by Securities Trust of Scotland.

The trust points out that this is the fourteenth consecutive year that it has managed to increase the payment to shareholders, thus meeting its primary goal of dividend growth.

It reports that pre-tax revenue over the six months to end-September 1984 expanded from £2.2m to £2.63m and says that the second half has started well with continued good income projections.

Franked income for the period was higher at £1.98m (£1.67m) and unfranked income rose by £772,000 to £2.07m.

Tax took £889,000 (£777,000) leaving a net balance of £1.74m (£1.42m). Earnings per 25p share were 0.4p higher at 2.12p.

Net asset value over the six months increased by 6.2 per cent from 130.2p to 138.3p.

Edmond purchase to widen activities

Edmond Holdings is widening its activities through the purchase of Greenwood Development Holdings, a private housebuilding company, for £1.75m in cash.

Last year, Greenwood built 240 houses and is currently developing a similar number on 10 sites. It also has an investment portfolio of commercial and industrial properties developed by itself with a book value of £1.05m.

The acquisition announcement accompanied Edmond's interim statement showing a fall in pre-tax profits, before extraordinary items, from £292,346 to £194,860.

The group, which is based in Humberside, says that it foresees a continuation of the miners' strike which could lead to a reduction in sales over the next few months.

Turnover of its housebuilder for the six months to end-June 1984 amounted to £2.38m compared with £2.58m, which included £580,750 from land and other asset sales.

The taxable result benefitted from a substantial reduction in interest payable from £238,085 to £88,379.

There was again no tax payable. Earnings per share are shown as 0.49p (1.58p reflecting a pre-tax surplus of £186,032 from land and other asset sales). The interim dividend is unchanged at 0.33p per share.

Hanover Investments ahead

Further progress was made by Hanover Investments (Holdings) over the six months to end-August 1984 with profits before tax advancing from £208,000 to £322,000.

Turnover of this estate agent and property concern was ahead at £2.31m compared with £2.2m. Earnings per share rose by 1p to 4.02p and the interim dividend is being lifted from 0.77p to 1p net.

The acquisition of the industrial estate at Cosgrove Way, Luton, was completed on July 2 for £1.8m in cash and shares. The loss-making activities in the Herbal division have discontinued and assets and goodwill have been sold.

Hanover says the second half of the year has started well. In August it acquired W. A. Spencer, an estate agent, and its associate, Harcourt Insurance Services.

Tax for the interim period took £145,500 (£86,000), and there was an extraordinary debit this time of £29,000.

Pearson

Pearson: Shares, and rights over shares, held in discretionary investment portfolios managed by, or on advice from, Lazard Brothers (including investment portfolios held for their own account by members of the Lazard Group) totalled 20,875,499 (22.226 per cent) as at October 16 1984.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Less than three months after failing to gain control of housebuilder William Leech, C. H. Beazer came up with an agreed offer this week worth £33.7m for the Bristol-based property developer M. P. Kent. The deal immediately focused attention on Bath and Portland, a Bath-based company in which Kent holds a 18.1 per cent stake, but Beazer would not be drawn on the possibility of whether B and P would be next on its takeover list. Beazer offered one of its own shares plus 350p cash for every nine Kent shares and won acceptances from the latter's board together with related holdings in respect of 36.6 per cent of the capital.

Carless Capel and Leonard revised its offer for fellow oil company Premier Consolidated but the new terms, one Carless share plus £1 nominal of 6 per cent unsecured loan stock for every four Premier shares, were rejected. Undeterred, Carless launched a "market raid" on Premier and picked up almost 15 per cent of Premier's shares at a cost of £15m. The market tactic mirrored the raid on Brooke Bond last week by Unilever, but Carless Capel's refusal to add a cash alternative prevented it from buying more than 15 per cent under City Takeover Code rules. Carless bought 21m shares in its market foray and now controls 16.73 per cent of Premier. The latest bid is the final offer and is open for a fortnight.

Herald and Weekly Times, an Australian media group, based in Melbourne, made a recommended £6.4m cash offer for Gordon and Gotch, the UK publications exporter. HWT is offering 140p cash per GG share and has already received undertakings from holders of 55.17 per cent of the GG equity.

Corah, the knitwear concern, launched a surprise £2.53m bid for fellow Marks and Spencer supplier Reliance Industrial Holdings. The terms, five Corah shares for every nine Reliance, with a cash alternative of 30p per share, were immediately rejected by the latter, which advised shareholders to take no action.

Rank Organisation's restructuring programme took another step forward with the sale of Rank City Wall, its property development company with gross assets of £93.5m to British Land. Net

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Advance Services	110†	109	91	6.20	BET
Bridgewater Ests	325§‡§	326	280	17.74	Peel Holdings
Brooke Bond	135*	124	110	389.28	Unilever
Chubb	271§§	284	197	164.55	Racal
Currys	384§§	397	311	178.86	Dixons
East Lancs Paper	72§	69	60	3.92	British Syphon
Fidelity	125*§	124	105	9.53	Caparo Inds
Francis Inds	150§§	150	134	9.64	Suter
Glanfield Lawrce	49§*§	52	49	3.60	Gregory Secs
Gordon & Gotch	140*	140	122	6.40	Herld & Wkly Tms
Hoskins & Horton	218§§§	238	188	4.21	Scottish Heritable
ICL	92§	88	61	415.95	Std Tel & Cables
Jnhnsn Grp Clnrs	410*	430	362	44.41	Nottingham Mftg
Kent (M.P.)	77§§§	73	67	33.25	Beazer (C.H.)
Lennons Group¶	64	62	46	24.86	Dee Corp
Moben	15§	14§	13	8.59	Kean & Scott
Prem Cons Oilflds	67§	62	58	76.06	Carless Capel & Leonard
Priest Marians	450*§	525	575	0.37	Mr Simon Fussell
Reliance Ind	32	32	25	2.51	Corah
Romal Tea	£10*§	925	530	1.95	Williamson

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ‖ Unconditional. ** Based on October 18 1984. †† At suspension. ‡‡ Shares and cash. ¶¶ Related to NAV to be determined.

Rights Issues

Estates Property Investment Co—to raise £7.64m through a rights issue of 10½ per cent convertible unsecured loan stock 1949-99 priced at par on the basis of £2 nominal for every 5 ordinary

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aircall	June	653	(638)	1.85	(1.85)
Allebone & Son	July	258	(50)L	0.25	(—)
Allied Plant	June	18L	(58)L	—	(—)
Anchor Chemical	June	762	(210)	1.25	(1.0)
Anglo-Ind Crp	June	1,950	(276)	2.0	(1.0)
Antofagasta Hlgs	June	2,730	(1,680)	6.0	(3.0)
Bonusbond	June	60L	(23)L	—	(—)
Brewmaker	July	226	(201)	0.3	(—)
BHS	Sept	15,000	(14,350)	1.75	(1.75)
Davies & Nwmn	June	2,970L	(2,760)L	3.0	(3.0)
Duport	July	1,310	(1,050)	0.33	(0.3)
Energy Sv & Elec	June	1,600	(1,100)	0.5	(0.45)
Feb Intnl	June	457	(405)	0.89	(0.81)
Gates, Frank G.	June	606	(662)	—	(—)
Greenbk Hlg	June	416	(605)	0.8	(0.8)
Harrison & Cros	June	39,200	(21,300)	4.5	(4.0)
Hawker Siddeley	June	65,700	(55,300)	4.1	(3.9)
Hay, Norman	June	253	(246)	1.44	(1.25)
Helene of Lndn	June	382	(255)	0.37	(0.37)
Howard Mach	April	587L	(146)L	—	(—)
Hunting Pet	June	1,430	(2,810)	2.25	(2.25)
Lawrence, W.	June	875	(791)	3.0	(3.0)
Markheath Sec	June	458	(247)	4.55	(4.55)
Marshalls Univ	June	1,000	(196)	0.25	(—)
Mowlem, John	June	3,400	(2,700)	2.2	(2.2)
MY Dart	June	105	(45)L	0.35	(0.25)
New Lndn Prop	June	1,140	(1,170)	6.0	(6.0)
Nu-Swift Ind	Sept	2,110	(800)	1.1	(0.93)
Off & Elec Mach	June	1,170	(1,210)	2.5	(2.5)
Raybeck	July	2,700L	(—)	—	(—)
Selincourt	July	206	(101)	0.03	(0.03)
Silentnight Hlg	July	1,100	(2,090)	1.0	(1.0)
Thurgar Bardex	June	162	(45)	—	(—)
Turriff Corp	June	509	(473)	—	(—)

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bejam Group	June	15,670	(12,010)	16.5	(12.4)	3.75	(3.25)
Brooke Bond	June	72,100	(48,200)	12.1	(7.8)	1.31	(4.1)
Bryant Hldgs	May	11,300	(7,740)	9.2	(7.9)	3.0	(2.2)
Castle (GB)	July	1,460	(1,190)	9.9	(6.3)	2.9	(0.6)
Eleco Holdings	June	1,760	(1,600)	9.3	(8.6)	2.5	(2.27)
Fisher, A.	Aug	1,090	(327)	5.8	(2.6)	1.5	(1.0)
Halstead, James	June	2,310	(2,390)	10.0	(9.1)	3.5	(3.0)
Kent, M. P.	June	753	(1,270)	—	(—)	1.4	(1.26)
Lyles, S.	June	424	(636)	6.9	(11.6)	5.5	(6.75)
Medminster	June	492	(398)	12.8	(10.4)	4.85	(4.4)
Norton	July†	404	(225)	7.0	(3.7)	1.38	(1.0)
Paterson Zach	May	30,950	(26,870)	29.9	(29.6)	5.15	(4.75)
Peachey Prop	June	8,320	(6,690)	15.5	(12.3)	7.0	(6.0)
SI Group	June	1,490	(1,130)	5.0	(5.8)	1.6	(1.38)
TSW TV Sth Wst	July	1,720	(1,130)	4.0	(3.7)	1.5	(1.2)
Tyzack W & Turn	July	315	(436)L	14.7	(—)	3.0	(—)
Ulster TV	July	1,440	(790)	17.4	(11.0)	4.75	(4.0)
Walker & Homer	July	455	(589)	2.3	(4.4)	0.5	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share except where otherwise indicated. † For 15 months. L Loss.

Offers for sale, placings and introductions

Breakmate—USM placing of just over 1m shares at £1 per share.

MidCon—Full listing on London Stock Exchange.

Torchmark—Full listing on London Stock Exchange.

UDO Holdings—USM placing of 1.41m shares at 110p per share.

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UK COMPANIES

RESULTS DUE NEXT WEEK

The revamped High Street fashion chains like Richard Shops and the appearance of new chains such as Next are thought to have hit clothing sales of Marks & Spencer in the six months to September. The increased competition has made for more aggressive selling, with more frequent mark downs on unpopular stock. Analysts are speculating on the possibility of some fairly major refurbishment of M & S stores and on a change in policy by the company to consider out of town stores for additional growth. Meanwhile, the food and household divisions are expected to have performed well and forecasts for interim pre-tax profits, to be announced on Tuesday vary from £116m to £120m with a net dividend around 1.15p.

Famous Grouse, the blended whisky brand, continues to increase sales and market share in England and is the main reason for an expected increase in pre-tax profits of Highland Distilleries to be announced on Monday. The market expects last year's figure of £7.05m to rise a little above £8m and the dividend should be around 3.5p net, against 3.2p. In Scotland, where Famous Grouse is the market leader, it will probably have done little more than hold on to its market share. Overseas, the company continues to try and build up sales, particularly in the U.S. where Famous Grouse is being launched and Highland Distillers supplies fillings for Cutty Sark, America's No 3 brand.

With every passing month more City forecasters have joined the chorus predicting that Imperial Chemical Industries will exceed the £1bn pre-tax profit mark this year. The third quarter results, due on Thursday, should confirm these views. The traditionally quiet summer months have been busier than usual because of an increase in activity on the Continent following the end of West German print and metal workers' strikes. Moreover, the third quarter is the best for pharmaceuticals, which is making an increasingly important contribution to the whole group. Export sales have gained from the weakness of the pound and profits made in the U.S. will be boosted when restated in sterling. Petrochemicals, fibres and plastics will be in the black, compared with losses last year but dyestuffs may have slipped into losses after profits in the first half. City forecasts fall into a wide range from £210m to £250m pre-tax for the quarter (£147m), with some preference for the upper end of the range.

Commodity trader Gill and Duffus might be expected to have done well from the sometimes fast and furious activity of the cocoa market this year. However, the group's share of the action was probably limited because it seems that much of the extra activity was accounted for by speculators rather than traders like Gill. Moreover, the sugar and rubber markets in London have been very quiet, and in coffee Gill is finding it difficult to break into a market dominated by others. Tha group's other interests — cocoa processing and financial services — are performing steadily but are only peripheral. Gill has already cautioned shareholders not to expect more than last year's £20.4m pre-tax. On Wednesday the group makes a forecast for the year to the end of December — it is expected to predict profits of £18m to £20m.

Among other companies reporting results next week are: Gerrard and National with interims on Monday, London and Northern Group, interims on Tuesday; Etam, interims on Wednesday and McKechnie Brothers, finals on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Abaco Investments	Thursday	—	—	—
Audio Fidelity	Thursday	—	—	—
British Assets Trust	Thursday	1.2	1.25	1.3
Highland Distilleries	Monday	0.97	2.23	1.043
Highland Electronics Group	Tuesday	—	1.5	—
High-Point Services Group	Monday	—	—	—
Japan Assets Trust	Monday	—	0.05	—
LDH Group	Friday	—	—	—
Low, Wm	Thursday	2.5	3.1	2.9
Mallia Investments	Wednesday	—	2.3	—
McKechnie Brothers	Thursdays	2.0	5.2785	2.0
New Australia Investment Trust	Thursday	—	1.25	—
Precious Metals Trust	Tuesday	—	0.55	—
Pressac Holdings	Tuesday	0.35	1.5	0.7
Sinclair, William Holdings	Tuesday	1.5	2.75	1.5
Samuel Properties	Thursday	1.43	3.77	1.5
Simpson, S.	Thursday	1.3125	2.6875	1.5
Spectrum Group	Monday	—	—	—
Southend and Pitt	Friday	—	—	—
Tey Homes	Monday	—	—	1.37
Thames Nationwide Transport	Monday	—	—	1.0
Transvaal Consolidated Land. Explortn	Mondayt	3.0	3.0	3.0
	Fridayt	75.0	205.0	75.0
Unigroup	Tuesday	—	—	—
INTERIM DIVIDENDS				
Acels Jewellery	Thursday	0.001	—	
Boosey and Hawkes	Friday	2.0	3.0	
Caparo Properties	Tuesday	—	—	
Comben Group	Tuesday	1.714	2.071	
Clayton, Son and Co (Holdings)	Friday	—	1.3	
English National Investment	Tuesday	2.93333	4.1	
Etam	Wednesday	—	—	
First Charlotte Assets Trust	Wednesday	—	—	
Gerrard and National	Monday	3.0	8.0	
Gill and Duffus	Wednesday	3.0	3.5	
Hill, Philip Investment Trust	Wednesday	4.0	6.0	
Hunting Associated Industries	Thursday	2.0	6.25	
Imperial Chemical Industries	Thursday	—	—	
Kwik-Fit (Tyres, Exhausts) Holdings	Wednesday	1.12	1.12	
Lilley, F. J. C.	Wednesday	1.2	2.44	
London and Northern Group	Tuesday	1.7	2.8	
Marks and Spencer	Tuesday	1.025	2.1	
Miller, Stanley Holdings	Tuesday	0.6	1.0	
Photax (London)	Friday	—	—	
PCT Group	Friday	4.5	1.5	
Richardsons Westgarth	Tuesday	—	—	
Runciman, Walter	Tuesday	2.6	2.5	
Sangers Photographers	Tuesday	—	2.5	
Savoy Hotel	Tuesday	—	2.2	
Toshiba Corporation	Thursdaytt	3.5	4.0	
Usion, E.	Friday	—	—	
Webstone Group	Friday	0.9	2.2	
Wiljay	Friday	1.155	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Third quarter. †† Yen per share.

COMPANY NEWS IN BRIEF

United Guarantee (Holdings) pushed taxable profits up from £75,000 to £257,000 over the six months to end-June 1984 and has doubled the interim dividend to 0.5p net.

The result was achieved on lower turnover of £7.07m compared with £8.65m. United is a holding company with interests in supply and distribution of fuel, heat management services, supply of boilers, radiators and related heating equipment.

Tax for the period absorbed £128,000 (£39,000), after which stated earnings per 5p share rose from 0.64p to 2.26p.

* * *

Jackson Group, an East Anglia-based construction and industrial services company, achieved taxable profits of £444,000, against £437,000, over the first six months of 1984 on turnover of £15.21m compared with £13.89m.

The result was struck after minority interests of £3,000 (£2,000) and unchanged dividend payments amounting to £23,000. This year's Finance Act brought about a £160,000 provision for tax (nil).

The interim dividend is 1.2p. The company's shares are traded on the over-the-counter market made by Granville & Co.

* * *

Mr Leo Wright, chairman of J. Billam, says that the group is now in a much sounder financial position than 12 months ago and he expects further progress over the next two years.

He reports that continued losses from cutlery manufacturing resulted in an overall group pre-tax deficit of £68,995, against £11,210, in the first six months of 1984.

However, he points out that the cutlery operation has been closed, which will benefit second-half results. Closure costs amounted to £197,980, and have been taken into the accounts as extraordinary items.

Group turnover for the period totalled £803,600, against £973,756. Billam's other interests are in precision sheet metal engineering for the aircraft and motor industries.

Despite the loss the directors are holding the interim dividend at 1.4p per share. The loss per share is shown as 4.6p (0.36p).

* * *

Particularly strong tourist spending has helped Jenners, Princes Street, Edinburgh, to year to July 31 1984. Other income was slightly lower at £140,000 against £149,000. Comparatives have been adjusted.

The interim dividend is raised from 6.5p to 8p net to reduce disparity.

Turnover of this department store operator was up from £6.17m to £6.84m, excluding VAT.

The directors state that, apart from the strong tourist spending, the company is also reaping the benefit of its extensive modernisation programme of recent years.

They say the second half has started well, although there must be some doubt whether general political and industrial events will disrupt the important pre-Christmas period.

* * *

Net asset value per 25p share of City of Oxford Investment Trust amounted to 218.5p at the end of September 1984, which compares with 185.5p a year earlier and 216.7p six months previous.

The interim dividend, to reduce disparity, is up by 0.5p to 2.5p per share. Pre-tax revenue for the six month period amounted to £229,000, against £193,000, and was subject to tax of £69,000 (£58,500). Earnings per share rose from a stated 3.3p to 3.94p.

* * *

Net asset value per 25p share of Scottish Mortgage & Trust moved up by 27.5p to 441.9p over the six months to end-September 1984.

Gross investment income for the period amounted to £8.95m compared with £8.09m. After tax of £1.48m (£1.55m), the amount available for ordinary shareholders was £2.76m (£2.65m).

The net interim dividend is 3.2p (2.9p) and a total of at least 6.8p (6.4p) is forecast. Earnings per share are shown as 3.82p

* * *

The net asset value per 25p share of London Atlantic Investment Trust rose to 187p at September 30 1984 against 167.8p a year earlier.

Gross revenue for the six months to September 30 was higher at £588,168, compared with £521,964, and after all charges, including taxation, net revenue stood at £308,392 (£259,842), equal to 2.7p (2.54p) per share. The directors have lifted the net interim dividend by 0.1p to 1.85p. Equity shareholders' interest, after deducting prior

INTERNATIONAL COMPANIES and FINANCE

Krupp and Kloeckner set to merge steel operations

BY PETER BRUCE IN BONN

A MERGER of the ateel businesses of two of West Germany'a major producers, Fried Krupp and Kloeckner Werke, seems certain to go ahead, possibly with a preliminary announcement next Wednesday when the two supervisory boards of the companies have obth scheduled meetings.

Both companies maintained their earlier silence yesterday, in the face of numerous reports about their negotiations. The Australian mining hnuse, CRA, which, it is believed, will have a atake in the merger, took a similar stance and refused to confirm or deny the reports.

Compatitors and independent steel industry analysts believe, however, that an annonocement will come next week. The Economics Ministry in Bonn said any merger in the steel industry would be welcomed and Count Otto Lambsdorf, the former Economics Minister, said he had "watertight" information that the merger wonld go ahead.

According to most reports, Krupp Stahl and CRA are likely to take s 35 per cent stake each in the merged group with the rest going to Kloeckner. CRA, a subsidiary of Rio Tinto Zinc, has a major stake in Kloeckner. The company would be capitalised at around DM 1.5bn ($480m).

The two groups produced 8.4m tonnes of raw steel last year, with Kloeckner slightly the larger. Krupp, however, has a particularly strong special steels division which could complement Kloeckner's modern hot strip mill in Bremen.

Krupp, in which the Iranian Government has a 25 per cent interest, has forecast s strong recovery this year. Heavy losses in its steel division last year caused the group to suffer a DM 301m loss. Krupp Stahl, tha group's steel subsidiary, is expected to be profitable this year.

Kloeckner, which lost DM 139.7m in the year ended September, 1983, is on the mend as well. Dr Herbert Gienow, the chief executive, said last week that the long troubled steel subsidiary would be profitable in the second half.

IRI sells off electrical group

BY JAMES BUXTON IN BONN

IRI, THE Italian state industrial holding company, is close to completing the sale of San Giorgio Elettrodomestici, a manufacturer of domestic appliances. The disposal is the most significant so far in the nrganisation's privatisatinn programme.

San Giorgio, which employs about 800 people, is being sold to the Ocean group, an Italian company which also produces domestic appliances, and is controlled by the brothers Luigi and Gianfranco Nocivelli.

The company—based at La Spezia in north-west Italy—is being sold with considerable strings attached, largely at the insistence of the trade unions. Ocean is committed to investing L10bn ($5.2m) in the company over the next three years and must maintain the present level of employment or suffer an agreed finanical penalty.

IRI will receive L13bn for San Giorgin, of which 60 per cent will be paid at once and the remaining 40 per cent in three years.

● ENI, the Italian state-owned energy company, saw a sharp jump in its gross operating margin in the first half of this year, and also had a 26 per cent rise in turnover. It said that several sectors that were in difficulties — especislly chemicals—were doing better.

The gross operating margin represented 11.6 per cent of overall sales, against 8.8 per cent in the first half of 1983. But the Rome-based company gave no figures.

Net salea rose 26 per cent over the period to L23,846bn. Of this some 76.5 per cent was mada up by the energy sector, with a further 13.3 per cent contributed by chemicals.

Bouygues moves ahead at halfway stage

By Paul Betts in Paris

BOUYGUES, the leading French construction company, reported yesterday higher first half consolidated net earnings of FFr 130.9m ($13.7m), up slightly from FFr 125m in the first six months of last year.

The company also said sales thia year would increase 20 per cent to more than FFr 22bn compared with FFr 18bn in 1983

Total sales this year will also reflect for the first time the results of SAUR and ETDE, the two new businesses in the water distribution and electrical sectors acquired by Bouygues in the first half of this year. The acquisitions reflect Bouygues' continuing diversification efforts.

Bouygues also forecast sales of more than FFr 23bn next year.

Weaker performance by U.S. chemical industry

BY OUR FINANCIAL STAFF

THREE MAJOR U.S. chemicals groups have produced resnlts emphasising the sector's weaker performance in the third quarter after the buoyaot earnings gains of the first half of the year.

Union Carbide, one nf the big three, suffered a slight setback in net earnings to $77m or $1.09 a share from $80m or $1.15, on sales ahead at $2.34bn, against $2.27bn. However, the 1983 third quarter included a 8-cents-per-share extraordinary gain on liquidation of stock.

The company said earnings were lower than in the first two quarters of the year, mainly because of previously reported softness in petrocbemicals and steel-related markets.

For the first nine months, net earnings rose to $310m or $4.40 a share from $190m or $2.71, nn ssles of $7.13bn, against $6.65bn.

At Celanese, one of the world's largest producers of man-msde fibres, profit growth slowed in the third quarter. Net earnings rose from $33m or $2.03 a share to $38m or $2.73, while sales slipped from $811m to $806m.

Nine-month earnings more than doubled from $60m or $3.64 a share to $129m or $8.53 on reduced shares ontstanding. Sales were up from $2.41bn to $2.5bn.

Earnings growth also slowed at Rohm & Haas, with profits up from $32.1m or $1.24 to $38.8m or $1.51 in the quarter. For the first nine months, net profits were up from $108.9m or $4.22 to $147m or $5.70 a share. Sales rose from $1.44bn to $1.59bn, with $484.6m ($458.7m) in the third quarter.

Olivetti and AT & T strengthen links

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, the Italian data processing equipment maker, has signed a new agreement with AT & T, its global partner, to co-ordinate the design and manufacture of a new range of workstations and operating systems.

Although the companies did not specify what products they might launch, a joint statement said the plan was for both to work more closely in the design, development, manufacture and marketing of workststions and related equipment. AT & T last December bought 25 per cent of Olivetti and ordered $250m of workstations over the next year.

In particular, Olivetti and AT & T are to develop a common strategy aimed at the Ms-Dos and Unix software, language and operating systems markets. The partners will maoufacture the new line of products. They will both market AT & T's line of 3B minicomputers and the Unix operating system.

Olivetti said that it planned to continue manufacturing the PC 6300 personal computer which it designed and enbanced to AT & T specifications.

This model beloogs to the same family of personal computers deaigned by Olivetti and sold in all markets under the trademark M-24.

Tax gain boosts profits at Sperry

By Terry Byland in New York

A FURTHER rise in profits at Sperry, the electronics and farm equipment group, was boosted in the second quarter by the previously-announced $64m reversal of deferred income tax liabilities. Including the tax reversal, income from continuing operations showed a massive gain of 244 per cent at $99.5m or $1.80 a share. Sales put on 10 per cent to $1.25bn.

Before taking in the tax gain and a $2.3m write-off on Trilogy, Mr Gene Andahl's struggling Silicon Valley concern, profits were 31 per cent ahead. The results were held back by the strength of the U.S. dollar, delayed defence shipments, and higher research and development charges.

However, Mr Gerald Probst, chairman, expects "An especially strong fourth quarter," and increased earnings for the full year. At the nine-month stage, earnings from continuing operations are 137 per cent up at $119.6m or $2.17 a share, including the tax gain, at $2.4bn, sales sbow a gain of 8 per cent.

Overseas buying pushes up NZI share price

By Dai Hayward in Wellington

OVERSEAS buying has pushed the share price of NZI Corporatinn, the Australasian insurance major, np to NZ$ 1.67 from NZ$ 1.54 with 10m shares changing hands.

The interest in NZI, primarily from Australia, has enabled the company to buck the generally sluggish trend in the New Zealand market. NZI revenues bad of NZ$ 805m (U.S.$387m) and net profits of NZ$46.7m in the year to March.

NZI said it did not know the indentity of the buyers, but there did not appear to be a predatory raid taking place. Specifically, Mr Ron Brierley, chairman of Brierley Investments in New Zealand and of Industrial Equity in Australia, was nnt involved in the purchases, said NZI.

Recently NZI issued a U.S.$50m convertible bond which given the share price rise is now trading at a discount. The insurer has also announced plans for a London listing as part of the process of diversification of shareholdings to fit the growing spread of its business activities.

Matrix stake for Agfa

By Jonathan Carr in Frankfurt

AGFA-GEVAERT, the photographic products subsidiary of the West German chemicals concern Bayer, has taken a stake of about 5 per cent in Matrix of the U.S. for an estimated $10m.

Agfa aims to build up its holding to around 20 per cent, but is not seeking control over Matrix, a maker of medical equipment and sounds systems based in Northvale, New Jersey.

Progress for Alcoa as shipments fall

BY TERRY DODSWORTH IN NEW YORK

ALUMINUM Company of America, the largest U.S. aluminium producer, achieved only a 3.4 per cent increase in earnings in the third quarter to $60.1m, or 74 cents a share, against $57.7m or 72 cents

The underlying performance, however, was stronger than the net figures suggest, since last year's period included an extraordinary gain of $9.7m from a stock for debentures swap.

Sales were also sluggish, rising by only 3.6 per cent to $1.44bn against $1.39bn, mainly because of a 9 per cent dron in aluminium product shipments to 439,000 tonnes against 481,000 in the same period last year. The company added that aluminium ingot prices had dropped by almost 38 per cent since the beginning of this year,

Nine months net income amounted tn $270.8m, or $3.32 a share, compared to $78m, or 96 cents a share, a year ago, while sales rose tn $4.4bn from $3.8bn.

● Alcoa nf Australia, the 51 per cent owned unit of the U.S. parent, has reported a small rise in net profits to A$37.8m (U.S.$31.4m) from A$35.4m for the nine months to September 30.

The company benefited from the devaluation of the Australian dollar.

However, net earnings in the third quarter itself were down to A$13.1m from A$16.4m in the same period of 1983.

Amdahl suffers further setback in third quarter

BY OUR FINANCIAL STAFF

AMDAHL, a majnr U.S. manufacturer of IBM-compatible mainframe computers, has reported a further fall in net earnings despite a $7.1m one-time tax credit.

Third quarter net profits fell from $13.7m or 30 cents a share tn $11.2m or 25 cents, while revenues fell from $200.1m to $180.6m. The fall in operating income was stemmed by the reduction in tax, which resulted from recent legislation affecting Domestic International Sales Corporations (DISCs).

The company said the lower reveoue and operating income reflected several factors—a delay until late in the quarter in achieving expected improvements in processor shipment volumes, price cuts, and the continued "adverse impact" of exchange rates.

However, Mr John C. Lewis, president, said the improved ahipment rate in the last part of the quarter should continue into the final three months.

The company announced in August a 4 per cent cut in its workforce as part of several steps to cut costs. These, along with the shipment improvements and increased availability of storage products, are expected to result in a better fourth quarter than so far this year.

Profits for the nine months are down from $30.8m or 69 cents a share to $20.3m or 44 cents, although the 1983 figure includes a $3.2m tax credit Sales are unchanged at $552m

Toyota scraps Taiwan plan

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TOYOTA bas scrapped plans tn set up a $265m joint venture car plant in Taiwan, said Mr Hideo Kamio, executive vice-president of the Japanese vehicles group.

After four years of discussions about a 300,000-cars-a-year plant, it had not been possible to reach agreement and the Taiwan Government was to use annther method to develop the country's motor industry, he said.

Toyota also clarified yesterday Mr Kamio's statement that the company has had a study team investigating the possibility of car assembly in Eurnpe.

"Toyota is constantly considering the changing circumstances in all overseas countries, not merely in the countries of Europe, to see if local production would be worthwhile. It was in that context that Mr Kamio made what was a very general statement about Toyota's overseas production."

Recovery in earnings gathers pace at TWA

TRANS WORLD Airlines, one of the largest U.S. carriers, has continued the sharp recovery that began in the second quarter of 1984 by postiog third-quarter net profits of $91.3m or $2.61 a share, compared with $75.5m or $2.18 in the 1983 quarter.

The latest figures come just six months after TWA, spun off from Trans World Corporation in February, announced a $2.88 per ahare first-quarter loss.

Mr C. E. Meyer, nresident and chief executive officer, said the latest results reflected a "continued improvement in TWA's pre-tax income relating to both te domestic and international diviaions."

Nine-months net profits were $59.3m or $1.27 a share, against a loss of $33.4m or $1.48. Sales rose from $2.57bn to $2.8bn, with $1.12bn ($1.05bn) in the latest quarter.

● Hospital Corporation of America, the leading U.S. bospital maoagement group, maintained a long-standing trend nf quarterly earnings advances by liftine third-quarter profits from $57.3m or 65 cents a ahare to $69.1m nr 78 cents, while revenues rose slightly from $970m to $1bn.

The latest profits take the nine-month figure to $229.5m or $2.60 a share from $187.3m or $2.16, on revenues up from $2.9bn to $3.1bn. Following acquisitions HCA own or manages 409 bospital.

WORLD STOCK MARKETS

NEW YORK

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WALL STREET

Higher in very active trading

PRICES CONTINUED to climb on Wall Street yesterday in the second busiest morning in history in reaction to lower Oil prices and the prospects of reduced inflation and interest rates.

The Dow Jones Industrial Average, which shot up 29.49 on Thursday during an afternoon rally, was up another 7.73 to 1233.11 by 1 pm, making a rise of 42.41 on the week. The NYSE All Common Index, at $97.38, rose 57 cents on the day and $2.59 on the week. Gains led losses by a three-to-one majority, while the trading volume spurted ahead 66.14m shares to 156.71m compared with 1 pm Thursday.

"The perception is that as the price of oil comes down, interest rates will come down—which has to be bullish for the market," said Stephen Weisglass, chairman of the executive committee at Ladenburg Thalmann and Co.

Analysts said that in addition to the fall in oil prices, the Stock Market is also reacting favourably to a $2.9bn drop in the latest money supply figures.

Also, they said, the market is pleased that the Commerce Department reported that the U.S. economy grew at a 2.7 per cent rate in the third quarter.

But analysts said that the market may be particularly vulnerable to a sell-off, yesterday being the last trading session prior to the debate Sunday between President Ronald Reagan and Democratic challenger Walter Mondale.

They said investors may be nervous about Reagan's poor showing in the previous debate and the market's subsequent negative reaction.

Shares of Oil companies remained weak on fears that oil price reductions will cut into profits. On the active list, Mobil lost 3/8 to $27 1/4 and Exxon were down 3/8 to $41 1/4. Amerada Hess were off 1 1/4 to $25 1/4, Standard Oil of Indiana 1 1/8 to $55, and Sun 1 1/4 to $45.

Merrill Lynch topped the active list, up $1 1/4 to $32 1/4 on consolidated volume on nearly 1.5m shares.

IBM, in active trading improved $1 1/4 to $127 1/4.

First Boston moved up $2 1/4 to $53 3/4, Unilever $2 1/2 to $85 1/4, Ryder Systems $2 1/4 to $52 1/4 and Raychem $2 1/4 to $55 1/4.

THE AMERICAN SE Market Value Index gained 0.07 to 210.34 in a volume of 7.26m shares.

CANADA

Profit-taking cut into early gains, by midsession, markets were mixed.

The Toronto Composite Index, up more than 10 points soon after the opening, held a 4.7 rise at 2411.7, with advances leading declines 242-to-220. The Metals and Minerals Index was up 20.8 at 2037.5, but Golds dipped 28.9 to 3528.8. Oil and Gas dropped 58.5 to 3217.5.

Imasco, resuming after a halt for a buy-side imbalance, rose $1 1/4 to $42. The company said it knew of no Corporate developments to account for the interest.

GERMANY

Some share prices closed sharply higher, with the widely watched Commerzbank Index setting a new all-time high at 1,096.3, up 16. Some prices, however, eased in late trading from the day's peaks on week-end profit-taking.

Measured by the Commerzbank Index, share prices have improved by 20 per cent since the Index's year low plumbed on July 25 at 917.7.

Major factors backing Friday's gains were declining interest rates around the world, falling Oil prices and support from an ebullient West German Bond Market, traders said.

Markets remain firmly underpinned by a sharp drop in yields on Domestic Credit Markets and confidence in the German economy.

The easier dollar had little impact as its possible negative impact on German exports is outweighed by the positive outlook for German industry in general.

AUSTRALIA

Firm as investors responded to the sharp overnight rise on Wall Street and firmer bullion prices.

The All Ordinaries Index was 4.7 higher at 748.6, the All Industrials 6.2 at 1,091.3 and the All Resources 3.3 at 483.8. Rises outnumbered falls by about two-to-one.

Brokers said investors were also encouraged by takeover activity among Industrials, though Oil and Gas issues attracted strong selling on speculation of widespread cuts in World oil prices.

BHP rose 15 cents to A$10.35 ahead of its dividend payout on Monday, its New shares put on 10 cents to A$10.15. CSR added 9 cents at A$3.07.

Nicholas Kiwi advanced 10 cents to A$4.36 in active trading after Reckitt and Colman on Thursday received Federal Government approval for its takeover bid.

Auc added 6 cents at A$4.30—Morgan Guaranty is offering A$4.10 a share.

Castlemaine Tooheys shed 2 cents to A$5.26, despite takeover speculation.

HONG KONG

Mixed to slightly higher in active trading.

Brokers said the market's undertone is quite strong now, but the market momentum did not gather strength as a result of profit-taking by "small" investors. Overseas Institutions were also being prudent and very selective in buying stocks.

The Hang Seng Index was 3.69 higher at 1,031.30. Turnover HK$257.77m (HK$227.02m).

TOKYO

Sharply higher after active trading was triggered by a yen recovery against the dollar and firmness on Wall Street Thursday.

The Nikkei Dow Jones average briefly rose 105.33 in early trading, but partially reacted to close 85.30 up at 10,845.17. Volume 430m (370m).

Shares with American Depository receipt links sparked the rally on active buying by both overseas and domestic investors after a softening U.S. interest rates.

The S.E. Index rose 6.45 to 840.92 and the second section of the market finished sharply higher after trading 18m (13m) shares.

Lower crude oil prices boosted Electric Utilities and, generally, helped market sentiment.

Matsushita Electric rose Y70 to 1,670, Sony Y100 to 4,000 and Hitachi Y25 to 885 following a rise in ADR prices in New York.

But Arabian Oil fell Y110 to 5,700 because of lower crude prices.

High-Technology shares were in demand after an advance in the Wall Street Technology group.

Oil refineries rose because of the higher yen and oil price developments.

Drugs, non-Ferrous Metals, Textiles, Machines and small Steels closed higher.

However, some high-priced issues and the "large" Steel firms eased on profit-taking.

SINGAPORE

A healthy rally began on enthusiastic reaction to Wall Street's overnight gains, and was strengthened late in the day by details of Malaysia's Federal Budget for 1985.

The Straits Times Index moved up 11.46 to 888.12, while the All-Shares Index rose 2.78 to 308.32. Rises outnumbered falls more than seven-to-one, and turnover swelled to 10.4m (7.8m) shares.

SWITZERLAND

Domestic shares advanced across the board in reaction to Wall Street's overnight firmness.

Markets were led higher by active Swissair which rose Frs 30 to 1,025 in line with U.S. Airlines.

Demand was also strong for other Blue Chips such as Ciba Geigy, up Frs 60 at 2,500, in Chemicals.

Banks ended with trimmed gains as some profit-taking set in towards the close.

AMSTERDAM

Dutch share prices were sharply higher over a broad front in hectic trading.

The overall optimistic tone and confidence in further recovery of the economy have provided a firm undertone in the market for weeks and this was boosted by several factors such as falling oil prices and pressure on interest rates.

Closing prices for North America were not available for this edition.

CANADA

Stock	Oct. 18	Oct. 17
AMCA Intl	20 1/8	20
Abitibi	31 3/8	31 1/4
Agnico Eagle	13 1/4	13 3/8
Alberta Energy	21 1/2	22 1/4
Alcan Aluminium	37 3/4	55 7/8
Algoma Steel	22	22 1/2
Argen Inc	20	20 1/4
[illegible]	[illegible]	[illegible]

Stock	Oct. 12	Oct. 17
Cambell Red Lk.	50 7/8	22 7/8
Can. Cement Pt.	13 7/8	13 3/8
Can. NW Energy	29	50
Can. Packers	24 1/8	24 5/8
Can. Trustee	27 3/4	67 1/8
Can. Imp. Bank	27 1/2	27 3/8
Can. Pacific	48	47 5/8
Can. Pac. Ents.	24 3/4	24 1/2
Can. Tire C.	6 7/8	10
[illegible]	[illegible]	[illegible]

Stock	Oct. 12	Oct. 17
Dome Mines	16 3/4	19 3/8
Dome Petroleum	8.60	2.66
Domtar	33 1/2	33 1/8
Falconbridge	80	76 3/4
Genstar	24 7/8	64 3/8
Giant Y'knife	16 1/4	16 1/4
Gt. West Life	6.50	3.50
Gulf Canada	17 1/2	17 3/4
[illegible]	[illegible]	[illegible]

Stock	Oct. 16	Oct. 17
Macmill. Bloedel	26 1/2	26 1/4
Marks & Spencer	7 3/4	7 3/8
Massey Ferguson	3.60	3.45
McIntyre Mines	35 3/4	46
Mitel Corpn.	9	8 3/4
Molson A	16 1/4	16 1/4
Moore Corp.	55 1/4	55 1/2
Nat. Sea Prods A	5	5
Noranda Inc.	60 1/4	20 1/2
Norcen Energy	18 1/4	18 3/4
[illegible]	[illegible]	[illegible]

Stock	Oct. 18	Oct. 17
Ranger Oil	8	8 1/4
Reed Stenhs.	19 1/4	19 1/4
Rio Algom	20	20 1/4
Royal Bank A	22 1/2	20 1/2
Royal Trust A	53 1/4	51 1/2
Sceptre Res.	6 3/4	6 1/2
Seagram	80 1/4	60 1/4
Sears Can. Inc.	7 1/8	7 1/2
Shell Canada Oil	24 1/2	24 1/2
[illegible]	[illegible]	[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Indices

NEW YORK DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

** Saturday October 13: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals ...

NOTES — Prices on this page are as quoted on the ...

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling weak

The impact of lower oil prices restricted the pound's ability to benefit from a weaker dollar in currency markets yesterday. Consequently it fell sharply in terms of major European currencies and its Bank of England index closed at an all-time low of 74.0 down from 74.3 on Thursday.

Trading volume was on the low side and there was no obvious indication of any intervention by the Bank of England. While the authorities remain intent on seeing lower UK interest rates, the prospect of which was helped yesterday by a further softening in U.S. interest rates, sterling's potential for losing further ground remains.

Against the dollar it finished at $1.1925 up from $1.1875 on Thursday but slumped to an 18-month low against the D-mark at DM 3.6650 from DM 3.7050 on Thursday. It was also lower against the Swiss franc at SwFr 3.02 from SwFr 3.03 and Y294.75 from Y295.50.

The dollar finished on a weaker note, following a fall in weekly U.S. M1 money supply figures and a larger than expected downward revision in U.S. third quarter GNP. These combined with lower Euro-dollar rates to push the dollar lower. It finished at DM 3.0720 down from DM 3.1220 and SwFr 2.5325 from SwFr 2.5535. Against the yen it eased to Y247.35 from Y248.95 and FFr 9.45 from FFr 9.5525. On Bank of England figures, its index fell to 142.8 from 143.8.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct 19	Previous
8.30 am	—	—
9.00 am	74.2	74.8
10.00 am	74.3	74.6
11.00 am	74.2	74.5
Noon	74.2	74.2
1.00 pm	74.2	74.4
2.00 pm	74.3	74.5
3.00 pm	74.3	74.6
4.00 pm	74.0	74.3

New York rates

	Oct. 19	Prev. close
£ Spot	$1.1918-1528	$1.1870-1890
1 month	0.04-0.02 pm	0.08-0.05 pm
3 months	0.09-0.05 pm	0.12-0.07 pm
12 months	0.25-0.45 dis	0.35-0.45 dis

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

Oct. 19	£	$		£ Note Rates
Argentina Peso	124.84-125.06	104.65-104.74	Austria	25.80-26.10
Australia Dollar	1.4340-1.4360	1.1985-1.1995	Belgium	74.75-75.55
Brazil Cruzeiro	2,907.14-2,924.11	2,437-2,449	Denmark	13.23-13.37
Finland Markka	7.5164-7.6535	6.4030-6.4050	France	11.25-11.36
Greek Drachma	151.51-153.08	126.04-128.21	Germany	3.77-3.81
Hong Kong Dollar	9.3320-9.3400	7.8225-7.8270	Italy	2265-2295
Iran Rial	111.95*	93.95*	Japan	295-300
Kuwait Dinar(KD)	0.35885-0.35975	0.30090-0.30110	Netherlands	4.15¼-4.17¼
Luxembourg Fr.	74.10-74.20	62.15-62.25	Norway	10.63-10.74
Malaysia Dollar	2.9200-2.9260	2.4200-2.4500	Portugal	190-201
New Zealand Dlr.	2.4695-2.4745	2.0650-2.0690	Spain	203-213
Saudi Arab. Riyal	4.2495-4.2550	3.5590-3.5610	Sweden	10.40-10.51
Singapore Dollar	2.5800-2.5900	2.1550-2.1580	Switzerland	3.02-3.06
Sth African Rand	2.1155-2.1245	1.7795-1.7825	United States	1.18¼-1.20¼
U.A.E. Dirham	4.3805-4.3875	3.6750-3.6730	Yugoslavia	250-260

* Selling rate.

EXCHANGE CROSS RATES

Oct. 10	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.193	3.665	294.8	11.25	3.020	4.130	2257.	1.577	74.15
U.S. Dollar	0.839	1.	3.072	247.4	9.450	2.533	3.458	1893.	1.323	62.20
Deutschemark	0.273	0.326	1.	80.42	3.070	0.824	1.127	616.0	0.430	20.23
Japanese Yen 1,000	3.393	4.046	12.43	1000.	38.17	10.26	14.01	7660.	5.349	251.5
French Franc 10	0.889	1.060	3.256	262.0	10.	2.684	3.671	2015.	1.401	65.91
Swiss Franc	0.331	0.395	1.214	97.63	3.725	1.	1.368	750.9	0.522	24.56
Dutch Guilder	0.242	0.289	0.887	71.37	2.724	0.731	1.	548.8	0.382	17.96
Italian Lira 1,000	0.441	0.528	1.617	130.0	4.965	1.332	1.822	1000.	0.695	32.71
Canadian Dollar	0.634	0.756	2.325	187.0	7.138	1.916	2.619	1438	1.	47.03
Belgian Franc 100	1.349	1.608	4.943	397.5	15.17	4.073	5.570	3057.	2.126	100.

POUND SPOT—FORWARD AGAINST POUND

Oct 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1880-1.2030	1.1920-1.1930	0.07-0.03c pm	0.50	0.10-0.05 pm	0.25
Canada	1.5740-1.5850	1.5760-1.5770	0.13-0.23c dis	−1.37	0.40-0.53dis	−1.18
Nethlnd.	4.11½-4.16¼	4.12½-4.13½	1¾-1½c pm	4.54	4¾-4½ pm	4.30
Belgium	73.90-74.67	74.10-74.20	3c pm-2 dis	−0.08	8 pm-2 dis	−0.11
Denmark	13.20½-13.29½	13.22½-13.23½	¼ore pm-1 dis	−0.34	1¾-3¼ dis	−0.76
Ireland	1.1870-1.1962	1.1947-1.1957	0.06-0.24p dis	−1.51	0.49-0.67dis	−1.94
W. Ger.	3.65½-3.69¾	3.66-3.67	1½-1¼pf pm	4.91	4-3¾ pm	4.16
Portugal	194.00-197.00	194.10-195.60	160-510c dis	−20.64	560-1520dis	−21.35
Spain	205.90-207.15	206.00-206.20	15-45c dis	−1.75	100-135 dis	−2.28
Italy	2,259½-2,283½	2,266¼-2,267¼	8-11 lire dis	−5.03	26-30 dis	−4.94
Norway	10.81-10.88	10.63¾-10.64¾	1½-2½ore dis	−2.28	4¾-5¾ dis	−1.97
France	11.21½-11.32½	11.24-11.26	¼c pm-par	0.07	1¾-3 dis	−0.80
Sweden	10.37-10.45	10.40½-10.41½	2¼-3ore dis	−3.17	6-6½ dis	−2.45
Japan	293½-297	294¼-295¼	1.21-1.07y pm	4.64	3.16-2.98 pm	4.17
Austria	25.68-25.90	25.70-25.75	9¼-7¾gro pm	3.96	24¾-21½ pm	3.56
Switz.	3.00¾-3.04	3.01½-3.02½	1¾-1½c pm	6.96	4-3¾ pm	6.05

Belgian rate is for convertible francs. Financial franc 74.90-75.00. Six-month forward dollar 0.06-0.01c pm. 12-month 0.25-0.45c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1880-1.2030	1.1920-1.1930	0.07-0.03c pm	0.50	0.10-0.05 pm	0.25
Ireland†	1.0055-1.0095	1.0055-1.0075	0.22-0.17c pm	2.20	0.64-0.54 pm	2.34
Canada	1.3235-1.3243	1.3235-1.3240	0.19-0.21c dis	−1.81	0.46-0.50dis	−1.45
Nethlnd.	3.4600-3.4780	3.4670-3.4690	1.20-1.17c pm	4.11	3.49-3.46 pm	4.02
Belgium	62.03-62.34	62.15-62.25	2-3½c dis	−0.53	1-3 dis	−0.13
Denmark	11.06-11.12½	11.09½-11.10½	0.40-0.90om dis	−0.70	1.75-2.25dis	−0.72
W. Ger.	3.0600-3.0900	3.0715-3.0725	1.18-1.13pf pm	4.52	3.42-3.35 pm	4.41
Portugal	163-164	163-164	150-400c dis	−20.18	400-1150dis	−18.96
Spain	172.75-173.45	172.75-173.00	30-45c dis	−2.60	120-150 dis	−3.12
Italy	1,890-1,897	1,891-1,892	9¼-9¾ lire dis	−6.00	28-32½ dis	−6.34
Norway	8.89-8.92½	8.90¾-8.91¼	2.15-2.65ore dis	−3.23	5.80-6.30dis	−2.72
France	9.40-9.48	9.44½-9.45½	0.85-0.75c dis	−0.83	1.70-2.20dis	−0.83
Sweden	8.70-8.73	8.72½-8.73½	2.30-2.50ore dis	−3.91	6.00-6.50dis	−2.87
Japan	246.95-248.10	247.30-247.40	0.91-0.87y pm	4.31	2.45-2.40 pm	3.92
Austria	21.54-21.68	21.64-21.68	5.90-5.60gro pm	3.14	15.75-13.75pm	2.73
Switz.	2.5150-2.5420	2.5320-2.5330	1.14-1.09c pm	5.28	3.15-3.10 pm	4.95

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.80-62.90.

Rates ease

UK interest rates were easier yesterday, following a fall in U.S. interest rates. The extent of the fall in UK rates was limited, however, by continued fears over sterling's weaker trend and a reduction in oil prices. The softer trend served to reduce immediate fears of upward pressure on UK clearing bank base rates. Three-month interbank money was quoted at 10⅜-10⅞ per cent from 10⅞-11⅛ per cent while three-month eligible bank bills were bid at 10⅞ per cent, down from 10⅞ per cent. Weekend interbank money touched a high of 10⅞ per cent before slipping away to a low of 5 per cent. Later balances commanded up to 10 per cent, however.

UK clearing banks' base lending rate 10½ per cent (since August 20)

The Bank of England forecast a surplus of around £50m, with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £242m and Exchequer transactions a further £100m. There was also a rise in the note circulation of £220m and banks brought forward balances £90m below target. These were offset by a £704m take up of the temporary gilt stock repurchase facility, chargeable at a rate of 10½ per cent.

The forecast was revised to a shortage of around £50m but there was no intervention by the authorities in the morning. The forecast was further revised to a shortage of around £100m and the Bank gave assistance in the afternoon of £64m through purchases of £4m of eligible bank bills in band 3 (34-63 days) at 10½ per cent and £60m in band 4 (64-91 days) at 10⅛ per cent.

The firmer trend in interest rates was reflected in the average rate of discount at the weekly Treasury bill tender. This rose to 10.0620 per cent from 9.7237 per cent with the £100m of bills on offer attracting bids of £406m. The minimum accepted bid was £97.465 and bids at that level were met as to about 10 per cent. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

MONEY MARKETS

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Oct. 10 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-10¾	9-9½	5-10	9¼-9½	—	—	—	—	—
2 days notice	—	—	9¾-10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9⅝-10	10⅛-10½	5¾-10¼	5⅝-9½	—	—	—	—	—
One month	10⅞-10¾	10½-10⅞	10⅛	20¾	10¼	10⅞	10⅞	10⅞	10⅞	10⅞
Two months	10¾-10⅝	10⅝-10¾	10⅞	10⅞	10¼	10⅞	10¼	10⅞	10¼	10⅞
Three months	10¾-10⅝	10⅞-10⅞	10¾	11	10¼	10¼	10⅛	10⅞	10⅛	10⅞
Six months	10⅞-10⅞	10⅞-10⅞	10¾	—	—	—	—	10⅞	10⅞	10⅞
Nine months	10⅝-10½	10⅞-11	—	—	—	—	—	—	—	—
One year	10⅝-10½	10⅞-11⅛	10¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10¾	—	10⅛	6.90-10.00	8⅞-9⅞	9⅝-9¾
Two months	11⅛-10¾	—	10⅝	9.95-10.05	8⅞-9⅛	9⅞-9⅞
Three months	11⅛-10¾	—	10⅞	10.1-10.2	5⅞-5⅞	5⅞-9⅞
Six months	11¼-10¾	—	10⅞	10.4-10.5	9¼-9⅛	9⅞-10
Nine months	11⅛-11	—	10⅞	10.6-10.8	—	—
One year	11⅛-11	—	10⅞	10.8-11.0	09⅞-5⅞	10⅛-10¼
Two years	—	11	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 10.0620 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10½ per cent; six-nine months 10½ per cent; nine-12 months 10½ per cent. Under £100,000 10½ per cent from September 12. Deposits held under Series 5 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

INTERBANK FIXING FT LONDON

LONDON INTERBANK FIXING (11.00 a.m. October 15)

3 months U.S. dollars	
bid 10 1/4	offer 10 3/8

6 months U.S. dollars	
bid 10 9/16	offer 10 11/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10-10¼	8⅝-8¾	11⅝-12⅛	5¾-5⅞	7⅛-1	5⅛-5⅜	10¾-10⅞	15¼-16¼	10⅞-11	10⅞-11⅞	5¾-6¾	11-11½
7 days' notice	10¼-10½	9⅞-10	11¾-12¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	10⅝-10¾	9⅞-10⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	10⅞-10⅞	10⅞-10⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	10¾-10⅞	10⅞-10⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	10⅞-11	11-11⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅞-12⅛

Asian $ (closing rates in Singapore): Short-term 10-10⅛ per cent; seven days 10-10⅛ per cent; one-month 10⅛-10⅞ per cent; three months 10¼-10⅝ per cent; six months 10⅝-10⅞ per cent; one year 11⅛-11⅞ per cent. Long-term Eurodollars: two years 12-12⅛ per cent; three years 12⅛-12½ per cent; four years 12⅜-12⅞ per cent; five years 12⅝-12⅞ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Change on week	Year ago	1984 High	1984 Low
[illegible]					
Rubber kilo	50.50p	+0.5	78p	91p	58.50p
Sago Pearl	£320w	—	£275	£320	£285
Sisal No. 3L	$570	—	$640/565	$570	$030
Sugar (Raw)	$127wv	−1.5	£158.5	$194	$105
Tapioca No. 1	£320w	—	£310	£320	£295
Tea (quality) kilo	350p	−10	190p	375p	207p
(lowtm'd) kilo	580p	—	155p	280p	195p
Wooltops 64s Super	467p kilo	—	400p kilo	477p kilo	438p kl

‡ Unquoted. (s) Madagascar. § Ghana cocoa. (v) Dec. (w) Oct-Nov. (z) Nov-Dec. (y) Nov. (u) Jan.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	26.95-27.10	−0.15
Dubai Fateh	26.75-27.55	+0.15
Arab Heavy	25.90-26.30	−0.09
North Sea (Forties)	26.25-26.35	−0.05
North Sea (Brent)	26.10-27.00	−0.25
African(BonnyLi'ht)	26.70-28.65	−1.55
Urals	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	260-265	−1.5
Gas Oil	214-218	−7.5
Heavy fuel oil	180-186	−3.0

GAS OIL FUTURES

Heavy selling on the opening, in response to the Nigerian announcement overnight, pushed the gas oil market to its lowest ever levels, but prices quickly bounced back $2.00. Aggressive short-covering on the New York opening lifted the market to the highs where it met renewed selling until the close, when further profit-taking was seen, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Oct	217.50	+1.50	217.50-12.00
Nov	201.75	+0.50	223.00-14.00
Dec	225.25	+1.80	226.00-17.50
Jan	225.70	+2.25	225.75-17.50
Feb	223.00	+2.00	225.80-14.75
March	217.00	+2.00	217.00-11.00
April	216.50	+5.00	211.75-08.75

Turnover: 7,257 (8,086) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $335¼-338¾. The metal opened at $340-340½ and traded between a high of $341-341½ and a low of $337½-338. The weaker trend towards the close reflected a partial recovery by the dollar from the day's lows, the latter having been attained on a sharper than expected fall in U.S. third quarter GNP figures.

	Oct. 19		Oct. 18	
Gold Bullion (fine ounce)				
Close	$338¼-338¾	(£283¼-283¾)	$340-340½	(£285¾-286¼)
Opening	$340-340½	(£285¼-286)	$337½-338	(£283¼-285)
Morning fixing	$339.60	(£284.184)	$338.25	(£283.481)
Afternoon fixing	$339.50	(£283.807)	$339.50	(£284.696)
Gold and Platinum Coins Oct. 10				
Krugerrand	$349-349½	(£292½-293)	King Sov	$80½-82 (£67½-68½)
[illegible]	$180-180½	(£150¾-151½)	Victoria Sov	$80½-82 (£67½-68½)

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Oct	—	—	—
Dec	342.20-42.40	−1.30	344.70-41.50
Feb	—	—	—
April	—	—	—
June	—	—	—
Aug	—	—	—

Turnover: 211 (333) lots of 100 troy ounces.

REVIEW OF THE WEEK

Sterling's slide lifts markets

BY OUR COMMODITIES STAFF

STERLING'S WEAKNESS against the dollar encouraged price rises in most London commodity markets this week.

The London Metal Exchange (LME) copper market, which was also boosted by reports of fresh physical demand from China, ended the week £11.25 up at £1,032 a tonne, for cash high grade metal.

Despite easing back yesterday the cash tin price finished £130 up on balance at £9,672.50 a tonne. Tin's earlier strength had been influenced by a substantial fall last week in LME warehouse stocks and renewed buying on behalf of the International Tin Agreement buffer stock.

News that LME lead stocks had fallen to a three-year low last week, coupled with reports of a tentative labour contract settlement at Ford Motor Company of the U.S., helped lift LME values early in the week. Prices drifted back under the influence of trade selling but picked up again yesterday when the selling dried up. Cash lead ended the week £3.75 up at £341.50 a tonne.

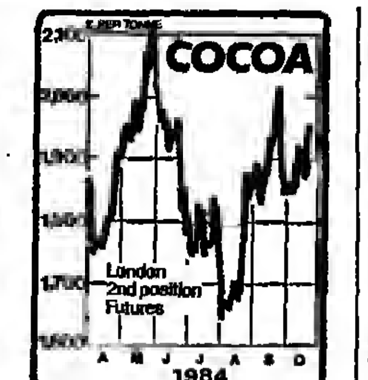
Zinc got off to a strong start following an LME stocks fall last week which took them to a nine-year low. Further encouragement was given by speculator covering against earlier short sales and an International Lead and Zinc study group report forecasting broad balance between supply and demand for zinc next year. The cash price ended £12.75 up at £639.75 a tonne.

LME nickel was boosted by the fall in the pound to a record level of £4,058 a tonne, for the cash position, before slipping back to end £175 up at £4,032.5 a tonne.

On the London cocoa futures market the December position finished £51 up at £1,950.50 a tonne reflecting strong physical demand for cocoa butter.

Following two week's of talks in Geneva on a new International Cocoa Agreement producing country members were reported to be studying a 24-point consumer proposal for a price stabilisation scheme which would back up the current buffer stock mechanism with consumer stock-holding.

Coffee futures prices were lifted by currency considerations and continuing concern over the availability of supplies for tendering against the prompt November position. The January quotation reached 2,282.50 a tonne before being trimmed back yesterday by end-week profit-taking to £2,307.50 a tonne, up £84 on the week.



The U.S. Department of Agriculture forecast that Brazil's 1985-86 coffee crop would rise 3m bags (60 kilos each) to 30m. But this was close to trade expectations and had little market impact.

Exceptions to this week's general upward trend were the potato futures market and the International Petroleum Exchange's gasoil market—which is quoted in dollars.

BASE METALS

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

SILVER

Silver was fixed 1.45p an ounce lower for spot delivery in the London bullion market yesterday.

Turnover: 1,475 tonnes.

COCOA

COFFEE

GRAINS

PIGMEAT

POTATOES

RUBBER

PHYSICALS — The London market opened easier, attracted little interest throughout the day and closed on an inactive note, reports Lewis and Peat. Closing prices (buyers) spot 50.50p (51.00p); Nov 72.75p (73.25p); Dec 73.00p (73.50p). The Kuala Lumpur Nov fob price for RSS No 1 was 200.0 (204.0) a kg and for SMR 20 was 185.5 (187.5).

FUTURES — Close (buyer, seller, business). RSS No 1 £ cif tonne. Nov 580, 600; Dec 590, 610; Jan 600, 620; Feb 610, 630; March 620, 640; April 630, 650; May 640, 660; June 650, 570; July 660, 660; 1985 Jan/March 610, 630 (all untraded); 1985 April/June 640, 660, 650; 1985 July/Sept 670, 690, 680. Sales: 0 (2) lots of 5 tonnes, 8 (10) lots of 15 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $127.00 (£106.00), down $1.50 (down £2.00), a tonne for Oct-Nov-Dec delivery. White sugar $176.00, up $1.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	142.00-42.60	146.00-46.90	145.90-42.80
Mar	158.00-58.20	161.20-61.40	162.00-57.65
May	164.40-64.60	167.80-68.00	180.40-64.40
Aug	176.20-75.60	176.60-76.80	176.40-72.60
Oct	101.00-81.46	104.40-84.00	194.90-80.50
Dec	188.00-90.00	191.60-93.00	192.60-91.00
Mar	203.00-05.00	208.00-09.40	—

Sales: No 6 2,063 (2,404) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £211.60

INDICES

FINANCIAL TIMES

Oct. 19	Oct. 17	M'th ago	Year ago
293.89	292.73	287.81	286.48

(Base: July 1 1952 = 100)

REUTERS

Oct. 19	Oct. 18	M'th ago	Year ago
1990.5	1986.0	1853.7	1611.7

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 18	Oct. 17	Month ago	Year ago
Spot	—	123.79	125.31	140.17
Fut	126.02	125.51	125.18	146.41

(Base: December 31 1974 = 100)

MOODY'S

Oct. 18	Oct. 17	M'th ago	Year ago
951.9	955.1	578.0	1045.7

(Base: December 31 1931 = 100)

AMERICAN MARKETS

NEW YORK, October 19

Heating oil prices rallied from heavily oversold positions despite Nigeria lowering its price of crude oil by $2.00 per barrel, reports Heinold Commodities. Soyabeans traded moderately higher most of the day but managed to finish strong on a late rally related to lifting of short soyameal spreads by commission houses. Maize finished fractionally higher as commercial traders sold into the market on a scale-up basis. Wheat rallied strongly on the close mostly on steady commercial buying. Gold and silver came under pressure on the lack of reaction to strength of outside markets along with continued concern over the deflationary impact of lower oil prices. Copper was firm on light arbitrage buying along with evening-up ahead of the LME stocks report due Monday. Sugar came under pressure on reports of good cash offers at India's buying tender. Cocoa was steady on reports on delays in the movement to ports in West Africa. Coffee was mixed on the lack of fresh news. Cotton was firm on continued concern over harvest delays due to precipitation in the Delta areas.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	46.45	—	—	46.00
Dec	47.10	47.55	46.86	46.70
Jan	47.60	—	—	47.20
March	48.60	48.95	48.75	48.25
May	49.65	49.85	49.75	49.30
July	50.70	—	—	50.35
Sept	51.75	—	—	51.40
Dec	53.35	—	—	53.00
Jan	53.50	—	—	53.56
March	55.00	—	—	54.65

COCOA 10 tonnes; $/tonnes

	Close	High	Low	Prev
Dec	2237	2247	2130	2223
March	2171	2175	2152	2156
May	2185	2188	2170	2167

COFFEE "C" 37,000 lbs, cents/lb

COPPER 25,000 lbs, cents/lb

COTTON 50,000 lb, cents/lb

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lbs, cents/lb

PLATINUM 50 troy oz, $/troy oz

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	721.9	726.0	725.0	730.5
Nov	724.1	—	—	733.0
Dec	730.0	746.0	728.0	739.0
Jan	736.3	—	—	745.3
March	749.1	765.0	748.0	758.4
May	762.1	775.0	764.0	771.5
July	775.3	790.0	775.0	784.9
Sept	789.7	794.0	794.0	799.3
Dec	812.9	825.0	815.0	822.7
Jan	820.8	—	—	830.7

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	5.44	5.57	5.40	5.55
March	5.92	6.03	5.90	6.04
May	6.23	6.31	6.21	6.32
July	6.49	6.59	6.48	6.59

CHICAGO

LIVE HOGS 30,000 lb, cents/lb

PORK BELLIES 38,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56lb-bushel

SOYABEANS 5,000 bu min, cents/60lb-bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60lb-bushel

LONDON STOCK EXCHANGE

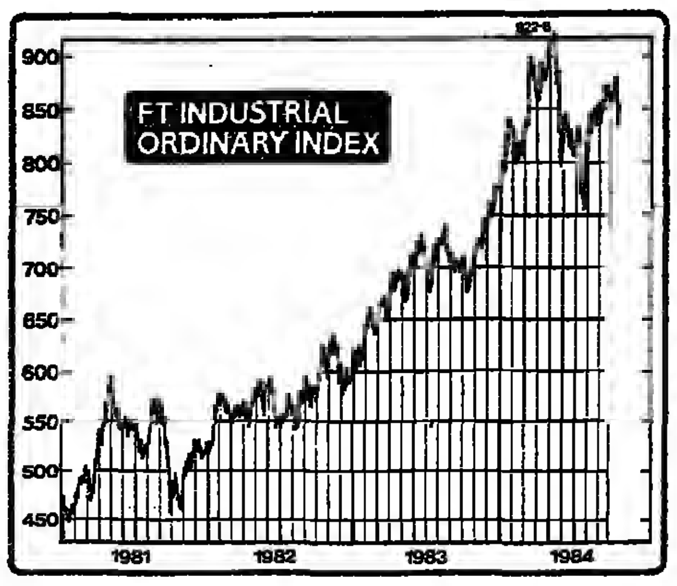
MARKET REPORT

Confidence returns after mid-week battering and equity index regains 19 points of 47-point fall

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19

* "New-time" dealings may take place from 9.30 am two business days earlier.



One of the most volatile weekly trading periods experienced in London stock markets ended yesterday with values bouncing back from their collapse over the previous three days. The market dive stemmed from a sudden loss of confidence following the breakdown of the miners' talks, revived fears of an oil price war and interest rate anxieties, all of which triggered a fresh run on sterling. The pound fell to new lows against the dollar and also weakened against Continental currencies.

In the later trade on Thursday, signs began to emerge that markets were attempting to regain composure. The upsurge on Wall Street overnight restored more confidence and London sentiment was also given a much-needed fillip by the Chancellor's speech at the Mansion House banquet. His assurances that higher base lending rates were not on the cards helped to allay fears of dearer credit.

Investors were not put off by higher opening prices, although leading shares faltered in the mid-morning trade before racing ahead to close near the day's highest. The FT Industrial Ordinary share index rebounded to the extent that finally 19 points were recovered of the 47-point fall sustained over the previous three sessions. U.S. activity was noted in several stocks, including ICI which is due to announce third-quarter results next Thursday.

Government securities also regained much of their sharp mid-week setback. The accent remained on shorter maturities, up around ⅜ or so, but the longs registered larger gains which ranged to 1¼ points. Index-linked issues came back into the picture, despite the Chancellor's hopeful view on inflation, and closed with gains stretching to a point. A slightly less strong dollar enabled the pound to steady yesterday, but it lost further ground against the Continentals.

Clearers up again

Firmer conditions prevailed in the major clearing banks. Lloyds, which announced on Thursday the proposed merger of its UK and international (LBI) divisions, rose 7 more to 435p. Similar gains were recorded in Midland, 345p, and NatWest, 525p, while Barclays hardened a couple of pence to 500p. Discount Houses staged a useful rally. Cater Allen, 475p, Seccombe Marshall and Campion, 330p, and Union, 680p, all recovered 10, while Clive picked up 2 to 50p.

Composite Insurances performed well again. Revived takeover speculation fuelled demand which left GRE 16 better at 603p and Royals 10 higher at 490p. General Accident firmed 7 to 485p. Elsewhere, Lloyds Brokers were featured by a rise of 13 to 343p in Willis Faber following news of the increased 100 per cent scrip-issue.

This week's highly successful market newcomer, Iceland Frozen Foods, drew fresh support and rose 7 to 325p; the offer-for-sale price was 210p.

Leading Building issues struggled to hold opening gains in the absence of follow-through support. Blue Circle closed 5 dearer at 430p, after 432p, while RMC, a particularly dull market Thursday on worries about its West German operations because of stagnation in the country's construction industry, were only a couple of pence better at 360p, after 363p. Tarmac, another dull counter recently on suggestions that the group may make a bid for engineering concern Haden, rallied 8 to 464p. Elsewhere, Robert Adlard jumped 10 to 115p, after 120p, on news that the company has agreed to pay an out of court settlement of £1.4m subject to full tax relief in respect of a £7m claim arising out of construction work carried out on the Bean Hill Estate at Milton Keynes. Occasional selling in an unwilling market left George Dew 6 down at 62p.

Strong American buying ahead of next Thursday's third-quarter figures lifted ICI to a 1984 peak of 692p before the close of a net 24 up at 686p. Other Chemicals also drew revived support with Laporte rising 8 to 338p and Brent gaining 6 to 98p. Croda International moved up 4 to 110p, while Hickson International rose 12 to 392p, the latter helped by favourable press comment.

Stores quietly firm

Sporadic support brought modest rises to leading Retailers. Woolworth, aided by press comment, rallied 12 to 520p, while publication of the annual report helped Gus A rise 8 to 605p. Second-thoughts on the mid-term statement lifted British Home 6 to 230p, while Marks and Spencer, due to announce interim figures next Tuesday, firmed 4 to 117p.

Dealers reported only a moderate interest for secondary Stores. Gains were usually restricted to a few pence as in MFI, 182p, and Harris Queensway, 180p. An exception was Vantona Viyella which returned to favour with a rise of 12 to 226p. Lincroft Kilgour gained 4 to 147p, to record a two-day advance of 17. Newsagents rallied under the lead of W. H. Smith A, 6 up at 140p, while NSS picked up 4 at 110p.

Cable and Wireless, 12 better at 350p, led the rally in Electricals. Racal, drawing encouragement from the success of its takeover of Chubb, gained 4 to 252p, while BICC ended the same amount dearer at 217p. Thorn EMI added 5 at 422p, after 426p, and Standard Telephones and Cables rebounded 8 to 278p. GEC and Plessey failed to hold enhanced firm levels and both closed 2 easier on balance at 210p 212p respectively. Elsewhere, news of the successful launch of the company's Hologram copier left Applied Holographics 15 up at 190p. Continental Microwave rose 15 to 395p, while International Signal and Control gained 6 to 244p.

Hopes of new moves in the pits' dispute prompted a useful rally among leading Engineerings. Hawker, which on Wednesday announced half-year figures well below analysts' forecasts together with a cautious statement, rallied 6 but still closed 64 down on the week at 395p. TI recovered 10 to 198p and Vickers added 5 at 181p. GKN put on 3 to 168p. Elsewhere, Haden jumped 13 to 179p on revived hopes of a bid from Tarmac, while Victor Products put on 5 to 88p. Westland added 5 at 141p. IMI improved 3½ to 84p and Delta gained 3 to 81p.

Bid speculation revived strongly in Foods and the sector's two prime candidates regained the limelight. Rumours of an impending market raid fuelled support for Tate and Lyle which closed 22 up at the day's best of 422p. Buyers also came for Rowntree Mackintosh and the price touched 352p, prior to closing a net 16 up at 350p. Elsewhere, Cadbury Schweppes drew support on overseas earnings considerations and rose 4 to 144p, while Unigate gained the same amount to 143p. Retailers rallied well. Associated Dairies firmed 6 to 182p and Dee Corporation gained 7 to 152p. Tesco improved 4 to 191p, while Normans, which announced expansion plans recently, added a couple of pence at 66½p. Favourable press comment helped Bio-Isolates improve 3 to 41p.

Among Hotels and Caterers, Grand Metropolitan firmed 4 to 292p and Trusthouse Forte hardened a couple of pence to 120p.

Bath and Portland rise

Miscellaneous industrial leaders rallied strongly on the last day of an eventful week. U.S. favourites were prominent in the recovery movement with Glaxo closing 30 higher at 960p, BTR 18 to the good at 474p and Rank Organisation 12 up at 252p. Reckitt and Colman ended 19 better at 537p; the group have been given approved by the Australian Government to proceed with its bid for Nicholas Kiwi. Elsewhere, Bath and Portland stood out with a fresh speculative rise of 20 to 234p on hopes o fa bid from C. H. Beazer. BET finished 5 up at 258p on news of the sale of its cable television interests to Robert Maxwell's Pergamon Press. British Aerospace regained 15 at 370p, while improvements of around 10 were seen in Cookson, 380p, Fisons, 255p, and Smiths Industries, 585p. Still reflecting the strong profits recovery, W. Tyzack and Sons Turner advanced 8 more for a two-day jump of 28 at 71p. United Guarantee rose 5 to 22p following the results, while respective improvements of 7 and 8 were recorded in Evered, 128p, and Pearson, 518p.

Consideration of the company's dollar earning potential stimulated another lively business in Jaguar which advanced 7 to a new peak of 212p. In contrast, truck manufacturers ERF eased 3 to 37p following the decision to pass the dividend on the 10 per cent preference shares, unchanged at 80p. Dowty, depressed earlier in the week by the impasse in the miners' talks, rallied 9 to 170p, still down 15 over the past five trading sessions. Lucas were wanted and rose 7 to 235p, while Automotive Products hardened a couple of pence at 50p. Kwik-Fit, recently the subject of a favourable Press article and "call" option activity, closed 4 up at 34p.

Mr Rober Maxwell's British Printing and Communication rose 5 to 181p following the successful appeal to the Department of the Environment for the redevelopment of the Odhams gravure printing plant in Watford.

The Property leaders opened higher in line with the general trend, but drifted back in the absence of buyers to close virtually unchanged. British Land, which earlier in the week acquired property investment concern Rank City Wall from Rank Organisation for £68m, firmed 3 to 137p, while occasional interest left Hammerson A 5 dearer at 450p. Haslemere Estates hardened a couple of pence to 490p and Slough Estates gained the turn to 140p. Elsewhere, Rush and Tompkins revived and firmed 4 to 232p, while Stockley added a couple of pence to 65p.

Leading Textiles staged a minor rally and gains of around 4 were common to Coats Patons, 129p, Dawson International, 244p, and Courtaulds, 133p. Favourable comment lifted Tootal 3 to 54½p. Ireland's Youghal Carpets however, eased 1½ to 11p following the increased first-half loss and gloomy accompanying statement.

Tobaccos shrugged aside recent uncertainty that followed the BMA's call for a total ban on advertising to finish with good gains across the board. Publicity given to a broker's bullish view of the situation lifted Imps 6 to 165p, after 167p. Rothmans, 155p, and Bats, 270p, rallied 5 apiece.

Oils rally

Oils ended a week of high drama on a firm note. Heavily sold following the North Sea oil price cuts initiated by Norway on Monday afternoon and quickly followed by BNOC on Tuesday, leading North Sea oil producers staged a useful early rally, despite news that Nigeria had undercut British and Norwegian crude price levels. The recovery movement also reflected a much steadier performance by international crude oil markets. The strong performance on Wall Street overnight, which continued in New York trading early yesterday, also had a beneficial effect on sentiment.

Although generally closing a shade below the day's best levels, leading issues retained gains which ranged to 20, as in Shell, 630p. LASMO settled 10 to the good at 305p, but remained 30 down over the week, while BP recovered 8 to 463p to show a 25 decline over the five-day period. Briloil added 7 at 215p and Enterprise Oil hardened 3 to 176p. Ultramar featured with a 21 jump to 251p following favourable Press comment, while takeover talk continued to sustain Burmah, up 4 on the day and 16 on the week at 216p.

Elsewhere, Ireland's Eglinton Oil advanced 3 to 53p in response to favourable comment, while Invent Energy jumped 14 to 400p reflecting exploration hopes.

John Matthew up

News that BP had purchased 4.75m shares in Johnson Matthey — around 3.5 per cent of the latter's capital — and was seeking to obtain further financial details from the company pending further developments prompted a flurry of buying in Johnson Matthey which raced ahead to 140p prior to closing 23 up on balance at 135p.

The announcement had an immediate and positive effect on Charter Consolidated, which currently holds a 27.9 per cent interest in JM, and is entitled to increase its stake to 46 per cent via a proposed purchase of £25m worth of Convertible Preference shares following the recent Bank of England rescue of JM's banking arm. Hopes that a BP bid for JM would materialise boosted Charter to 226p before profit-taking left the close a net 15 higher at 223p.

Among other UK-registered Financials RTZ and Consolidated Gold Fields rose 10 apiece to 595p and 495p respectively.

South African Golds staged a modest rally, reflecting a firmer Rand rate against the dollar. Widespread buying followed the generally encouraging dividends from the Anglo American group's OFS mines and quarterly profits from all of the AAC gold mines. The 94 per cent jump in profits reported by President Brand boosted the shares ¾ to £28, while Western Holdings, which increased earnings by 84 per cent in the past quarter, rose almost a point to £29¼. Western Deep were also favoured and put on a like amount to £34⅜. Elandsrand advanced 26 to 647p following the 55 per cent jump in profits.

The Gold Mines index moved up 6.8 to 544.4, leaving the measure only 3.6 lower over the five-day period. Bullion moved within a narrow range before closing $1.75 off at $335.5 an ounce.

South African Financials mirrored the trend in Golds and managed modest gains across the board. "Amgold" rose a point to £77⅛, while GFSA and Johnnies put on around a half-point apiece at £13⅜ and £77⅛ respectively.

Australians were generally firmer where changed but turnover remained at a low level, reflecting the substantial increase in takeover activity in "down-under" industrial issues.

Traded Options finished a record week in fine fettle. Contracts struck amounted to 7,511 bringing the week's total to 37,068. The FTSE 100 index contributed 847 calls and 418 puts. Jaguar continued to trade actively, attracting 1,451 calls with the December 200's and 220's recording 285 and 337 trades respectively.

FINANCIAL TIMES STOCK INDICES

HIGHS AND LOWS

S.E. ACTIVITY

LEADERS AND LAGGARDS

Percentage changes since December 30 1983 based on Thursday October 18 1984.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 8	Oct 19	Jan 10	Jan 21
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Trafalgar House, Polly Peck, First National Finance, Astra Industrial, GUS A, Combined Technologies, Eglinton, Oil and Gas, Gestetner A, Dunlop, Rowntree Mackintosh, Atlantic Resources, Bristol Oil and Minerals and Spear and Jackson. No puts were reported, but doubles were arranged in Johnson Matthey and Dunlop.

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Fri Oct 19 1984

	EQUITY GROUPS & SUB-SECTIONS	Index No.	Day's Change %
1	CAPITAL GOODS (205)	510.57	+1.2
2	Building Materials (23)	463.78	+4.0
3	Contracting, Construction (30)	656.58	+0.7
4	Electricals (13)	1499.92	+2.0
5	Electronics (34)	1859.62	—
6	Mechanical Engineering (62)	251.27	+2.3
8	Metals and Metal Forming (9)	161.28	+4.7
9	Motors (17)	134.79	+2.2
10	Other Industrial Materials (17)	689.04	+2.8
21	CONSUMER GROUP (190)	538.57	+2.1
22	Brewers and Distillers (23)	497.09	+1.9
25	Food Manufacturing (23)	434.62	+2.2
26	Food Retailing (12)	1271.17	+2.3
27	Health and Household Products (9)	911.36	+2.8
29	Leisure (23)	575.94	+0.8
32	Newspapers, Publishing (13)	1299.34	+0.7
33	Packaging and Paper (14)	250.07	+1.5
34	Stores (46)	472.90	+2.2
35	Textiles (19)	283.40	+2.4
36	Tobaccos (3)	726.67	+2.4
39	Other Consumer (7)	478.97	+2.4
41	OTHER GROUPS (88)	478.37	+2.0
42	Chemicals (17)	651.20	+2.8
44	Office Equipment (4)	137.40	+3.8
45	Shipping and Transport (13)	830.38	+4.4
46	Miscellaneous (54)	663.98	+1.4
49	INDUSTRIAL GROUP (483)	526.15	+1.8
51	Oils (17)	1040.58	+2.6
59	500 SHARE INDEX (500)	569.16	+1.9
61	FINANCIAL GROUP (118)	392.31	+0.8
62	Banks (6)	309.58	+1.1
63	Discount Houses (6)	412.70	+1.9
65	Insurance (Life) (9)	510.56	—
66	Insurance (Composite) (8)	289.65	+1.5
67	Insurance (Brokers) (6)	845.86	+0.2
68	Merchant Banks (12)	191.63	+1.2
69	Property (54)	687.27	+0.2
70	Other Financial (17)	244.61	+1.8
71	Investment Trusts (105)	534.17	+1.6
81	Mining Finance (4)	279.41	+2.2
91	Overseas Traders (14)	587.28	+1.3
99	ALL-SHARE INDEX (741)	524.83	+1.7
	FT-SE 100 SHARE INDEX	1111.3	+22.4

FIXED INTEREST

BRITISH GOVERNMENT INDEX-LINKED STOCKS

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (80)

NEW LOWS (19)

RISES AND FALLS

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BTR	474	+18	ICI	686	+24
BP	463	+8	Jaguar	212	+7
Burmah Oil	216	+4	Johnson Matthey	135	+23
Charter Cons	223	+15	Racal Elect	252	+4
ORG	183	—	Rowntree Mack	350	+16
GKN	168	+3	Shell Transport	630	+20

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
BP	18	455	−10	Beecham	13	380	+3
RTZ	18	585	−15	Burmah Oil	13	212	−4
Shell Trans	18	610	−15	Cns Gold Flds	13	485	−7
BAT Inds	15	265	−7	Glaxo	13	930	−30

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As C. H. Beazer takes over M. P. Kent, **Joan Gray** explains the company's acquisitive surge

Beazer's expanding empire sticks close to its foundations

THE NAME, explains Mr Brian Beazer, head of the fast-expanding building empire, C H Beazer, is Huguenot. His family came to Britain from France—"as a result of the revocation of the edict of Nantes in 1686."

The Beazers settled in the South Cotswolds, where the first building Beazer was recorded baptising his son in 1792. History, particularly medieval history, and theology are his hobbies.

His latest takeover attempt, announced this week, is a recommended bid of £33.5m for another Bath-based company, property developed M. P. Kent.

It follows a string of acquisitions this year, including £8m for housebuilder Monsell Youell in January, and £4.5m for construction equipment company, Braham Millar in June—all from a company with turnover of £71.3m in 1983, and profit of £6.1m, following a turnover of £47.9m and £3.8m profit in 1982.

Bidding for M. P. Kent is Mr Beazer's latest step in his plan to create a "conglomerate sticking to the building industry in all its ramifications, with different bits tied to different cycles in the industry.

"Taking over Kent to strengthen our property section will mean that if the homes market drops, for example, we could hope for a buoyant commercial and retail market, as Kent will give us that spread."

But he emphasises that he has no plans to become a large, loose, diversified conglomerate. "Everyone should have a core and my core is housing," he said. "We see ourselves founded on the building industry—which in my view is everything from putting washers on taps to owning multi-storey office blocks, and we do all that."

Buying M P Kent will give Mr Beazer an 18.1 per cent stake in the Bath and Portland quarrying and construction group—leading to speculation that this will be next on his takeover list.

But while Mr Beazer avoids denying that he has any plans to take over Bath and Portland, he is quick to point out the problems.

While the acquisition of M P Kent will strengthen his gorup's property interests just as the earlier purchases of Braham Miller strengthened its plant manufacturing and Monsell Youell its bousebuilding, "Bath and Portland crudely spans all our areas and spreads over our whole range of industries so it's not necessarily compatible," he said.

"Acquisitions come in the easiest form when they're either a lumpy whole like Westbrick (the brick company he bought for £4m in 1981 and sold to Tarmac, with other building materials interests, for £28.6m this year to provide a £20m profit) or slot into one division only. If you invest in an acquisition that straddles divisions you have very considerable management issues to tackle."

Mr Beazer also points out that "M. P. Kent is costing us £33.5m—the largest acquisition we have ever made—and if the current value of Bath and Portland is more then £40m those are large sums to handle, especially as we have to re-invigorate M. P. Kent where its profit has fallen from £4.8m in 1981 to £800,000 in 1984."

Brian Beazer: "everyone should have a core"

Having just acquired a significant stake in the company Mr Beazer is "naturally interested in what happens to Bath and Portland—but that's a far cry from saying we'll bid for it."

Even to say "wait and see" would be a "strong summary when we've just bidded for a company that cost us more than £33m," he pointed out. "For the present time we just regard our stake in Bath and Portland as a sound investment."

He chose Kent to strengthen his property division because it is "the ideal size, in the right place, and a good organisation which can make £5m profit a year if pushed."

Mr Beazer was particularly interested in Kent's retail developments in London and elsewhere, and in the management expertise it can bring to his own property activities.

He has already arranged for M. P. Kent director, Mr M. G. Martin, to join the board of Beazer Properties, and says he will promote others as well if the bid goes through.

"I don't believe Beazer men are automatically superior to any other variety, and M. P. Kent is more developed in its sphere than we are," he said. "If we always promoted our men above others it would be financially disastrous and every time we made an acquisition it would mean that there was no future for people in the company and that's crazy."

He is looking for further acquisitions to strengthen his company's contracting side and specialist services such as plant hire, and to help build up his housebuilding. "We're not content to remain the fifth or sixth largest housebuilder in the UK."

When, in 1958, Mr Beazer joined the housebuilding company his father founded it was turning over £150,000 a year. He expresses deep respect for his father, a master craftsman who still worked five hours a day with his hands eveo when his son was able to joke that he was "the only mason who carried his tools in a Rolls Royce."

Mr Beazer still keeps his father's tools in a glass case in his office, and a portrait of him at work above the Bath crescents hangs over his desk.

But he was an immensely conservative businessmen, explains Mr Beazer, "and a very dominant man who thought if you could afford a decent car, house, three meals a day and five suits what else do you want."

His son never questioned that attitude until, in 1968, he had been working for the company for 10 years with his boots in the mud, making out wage packets, putting up scaffolding and setting out drains. (He was the first member of the family who never trained in a craft in the industry. He was not, he says, "very good with his hands.)

"But then I asked myself if I wanted to be just building 150 houses a year and doing a little contracting in 30 years' time and the answer was a decided 'no'."

So, at the age of 33 and passionately opposed by his father, he turned his eyes to expansion. Today he plans to build 2,500 houses a year and has little patience with those members of his industry who complain of hard times and cuts in government spending.

"Cathedral builders in the 13th or 14th centuries were wealthy men, but they wouldn't be if they tried to make their living at that now," he says.

"The industry goes through cycles—be they of churches, hospitals or offices—and htere is a different right thing to do at different times. The person who will not change his product is a finished person. It is impossible to be static."

How Alcoa is reversing the decline of its Welsh aluminium plant

Robin Reeves reports on moves that have rescued the mill at Waunarlwydd from the brink of closure

FOUR YEARS ago, Alcoa's European aluminium sheet mill at Waunarlwydd, near Swansea, stood on the brink of closure. Losses were running at £1½m a month, the plant had not made a profit since 1977 and, with the recession deepening, the financial position looked certain to get worse.

In the event, the plant was given a reprieve. Alcoa's main board in Pittsburg accepted the local management's plea to be allowed to implement a radical retrenchment programme to try to turn the business round.

Many products, including pots and pans, foil, tubes, common alloy and painted sheet, were abandoned. Aluminium casting, rolling and painting equipment were taken out of commission and 560 workers were made redundant.

The action did not produce instant recovery. Indeed, last year the company stopped manufacturing aluminium can body sheet as well. The decision reflected intense competition from other packaging materials and the failure of the rest of the industry to support Alcoa's efforts to develop in the UK an aluminium can recycling infrastructure like the well-developed system which operates in the U.S.

BUT at the beginning of this year the plant finally broke even and now, according to Mr Alan Aylesbury, managing director of Alcoa Manufacturing (GB), it is heading for its first half-year profit in seven years.

Financial health has been restored by concentrating Swansea's production effort on a specialist, high-value market and setting out to meet its needs better than anybody else. While the Welsh plant retains a flourishing extrusions department, its principal activity is the manufacture of aluminium sheet for drink can ends and pull tabs and it reckons to have just over 50 per cent of the European market for this product. This concentration makes the plant virtually immune to the competition between aluminium and tinplate cans, since aluminium closures are used on both.

The basic, £40m investment for this specialisation at Swansea was made during the 1970s. Based to an extent on the mini-mill concept, it included the installation of 3,150-tonne and 1,500-tonne extrusion presses, and a new hot mill and cold mill.

Recovery has come from getting this equipment operating efficiently at higher output levels and with far more cost-effectiveness. By concentrating on end and tab stock, the plant has been able to step up production this year by 30 per cent to 4,500-5,000 tonnes a month. It has been able to meet some growth in demand in Middle East markets and substitute European products for supplies previously imported from Alcoa in the U.S.

Important cost rednctions have come from better energy use. "Being a U.S. company, we were not energy conscious and neither was the equipment," Mr Aylesbury admits. Yet energy accounts for about 25 per cent of production costs in aluminium fabrication.

To achieve the 1/12,000th of an inch thick sheet aluminium required for can ends and tabs, ingots which the Swansea plant receives from Norway (Elkem Spigerverket A/S has a 25 per cent share in the plant) have to be melted down for the metal to be chemically and physically adjusted and purified. Scrap generated by other processes is added. The molten metal is then recast into 10-tonne ingots using a semi-continuous casting process, reheated and kept at a high temperature for 16 hours to bring about a crucial change in the grain structure.

Then the ingots pass into the plant's 8,500 HP computer-controlled hot mill which reduces them to aluminium coil ⅛th of an inch thick. The remaining reduction is carried out in the cold mill.

Close scrutiny of these operational areas and, for example, careful scheduling of the lighting of furnaces, have reduced the plant's energy bill this year to below last year's level, even though output is about 30 per cent higher. Investment in insulation and a switch from steam heating to electricity in selected areas of the plant promises further energy savings in the next year.

Manpower reductions have also contributed significantly to lowering costs. Clerical support on the shopfloor has been replaced by computer control. Terminals linked to a mainframe have been installed at each work station and operators trained to extract and punch in detailed information on individual aluminium coils as they pass through the process. The mill operation now has a workforce of 700 manning the plant continuously. The extrusion department employs another 150.

Cost has been further cut by gearing the plant so that no maintenance job will take longer than three days. This has meant better use of equipment and has allowed in-process stocks to be kept down to three days' supply with consequent savings in working capital.

The price of every other "consumable" purchase has also been examined rigorously and in 12 months their overall cost has been reduced significantly.

Mr Aylesbury is unwilling to put a precise figure to the overall savings. But he says that on the information Alcoa has available, Swansea's unit costs are now among the lowest of any aluminium rolling mill in Europe.

Since the 1980 crisis, the plant has invester about £3½m a year, using cash released from the sale of other Alcoa assets in Europe. In future, however, the plant must generate its own investment capital.

Under a new corporate strategy introduced this year, Alcoa has ruled that individual business units must stand on their own feet. One measure of the turnaround at Swansea is that Mr Aylesbury and his management team will be investing another £4½m over the next 12 months on further cost control and quality improvements — capital which, he stresses, the plant has earned by its own efforts.

OBITUARY

Morgan Grenfell's chairman

MR Bill Mackworth-Young, chairman of Morgan Grenfell, one of the leading merchant banks, died on Thursday in London, three weeks after cancer had been diagnosed. He was 58.

He joined the merchant bank at the beginning of 1974 and was appointed group chief executive and deputy chairman a year later. Educated at Eton, he served in the Welsh Guards in the immediate post-war years before embarking on a distinguished City career in 1948 with Baring Brothers.

He left Barings in 1953 and for the next 20 years was a partner in Rowe & Pitman, the broking firm, which is aligned with S. G. Warburg, one of Morgan Grenfell's great rivals, before re-entering the world of merchant banking.

He handed over the day-to-day running of the bank's affairs in 1980 to Mr Christopher Reeves by which point Morgan Grenfell had established a prominent role as an international issuing house. Its overseas lending, project and corporate finance and fund management divisions had also achieved major recognition domestically and overseas.

In the last four years, Mr Mackworth-Young addressed the problems of international banking and, more particularly, the evolution of the City's affairs.

His response to what he reluctantly called the "international banking crisis" was a call for a "a calmer, more internationalist, more stable environment in which to conduct our business."

A convinced internationalist himself, enjoying particularly close links with numerous businessmen, Mr Mackworth-Young had helped position the bank and, in a wider role, the City itself, to face the day when the securities industry would become truly international.

Mr Leigh-Pemberton said: "Bill Mackworth-Young will be sorely missed in the City. Whether as a broker or as a banker he commanded respect and affection for his ability, his integrity and his endearing personal qualities.

"It is sad that be should not have lived to complete a distinguished career."

Mr Mackworth-Young leaves a wife and four daughters.

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STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system. they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS

(coupons payable London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

PLANTATIONS

Padang Senang (10p) 82 (16/10)
Roman Tea Hldgs (£1) C9♦
Ron Estates Hldgs 230
Sennah Rubber (£1) £10¼ 1
Western Dooars Tea Hldgs (£1) 400 (15/10)

RAILWAYS

Can Pacific 7½pcPf (A) NPV $12 (16/10)
Fishguard and Rpc Rlys and Hbrs 3½pcPf £25½ 0
New Brunswick Rlwy 4pcDb £32 (15/10)

SHIPPING

UTILITIES

WATER WORKS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

UNLISTED SECURITIES MARKET

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Gould (es £17½
Greenbushes Tin 86 (16/10)
Harland (John H.) US$45¾ 116/10)
Hartogen Energy 155 (17/10)
Hawk Invs 21 (17/10)
Hecla Mining £13½♦ (15/10)
Heincken Fl 141½♦ (16/10)
Heinz (H.J.) $32¾ (12/10)
Henderson Land Devlpc 16¼ 18 (10/10)
Herald and Weekly Times 275♦ 5 (17/10)
Hewlett-Packard £30
Hill 50 Gold Mines 19½♦
Hitachi 222 (17/10)
Home Energy 25♦ (15/10)
Hong Kong and Kowloon Wharf 40d

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Westabix A (Non-Vtg) 100 9 (15/10)
Welsh Inds Inv Tst Pfd (5p) 10 12
Winchmore 39 40 (18/10)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenmare Oil Expln (Ir) 11 (15/10)

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

APPOINTMENTS

Thorn EMI finance director

THORN-EMI has appointed Mr Robert H. H. Nellist as director of finance. Currently deputy director of finance of the Plessey Company, he will be taking up his new duties on November 1. It is intended that he be appointed to the THORN EMI board within a few months. Mr H. G. Mourgue, Thorn EMI's vice-chairman, is relinquishing the position of financial director to devote himself to his wider responsibilities.

★

Immediate past president of the Chartered Institute of Public Finance and Accountancy and retiring treasurer of Nottinghamshire County Council, Mr Gerald Daniel, has taken a consultancy appointment with chartered accountants PANNELL KERR FORSTER from November 1.

★

Mr John Ashton has been appointed non-executive director of WARDLE STOREYS. He is currently group financial director of Vantona Viyella.

★

Mr R. E. Dickinson will be appointed to the board of LAPORTE INDUSTRIES (HOLDINGS) from January 1 as finance director. Mr Dickinson is at present the group financial controller and has been with the company for 13 years. Mr Morgan is retiring on the same date to become finance director to the BICC Group. He has already been appointed a non-executive director of BICC and will succeed Mr R. F. Morgan

Europe, Middle East, African region of VISA INTERNATIONAL. He was assistant general manager at Barclays Bank where he had responsibilities for marketing at Barclaycard and line control of the bank's travellers cheque and international money order division. He was a director of Visa's Europe, Middle East, African board for the past three years and had been the adviser to the Visa international board for travellers cheque matters since 1979. Prior to that he was director of marketing for Colgate-Palmolive for the UK.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

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INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St, St Helier, Jersey. 0534 36281
MdBkOffGlt 100.5 100.9xd −0.8 11.89
MdBkIalBd $1.06 1.07xd 7.71

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box194, St. Helier, Jersey. 0534 27441
MoresOct11 $11.24 11.58ad 3.45

Samuel Montagu Ldn. Agents
114, Old Broad St. EC2. 01-626 3434
MIAmEqItz1 98.3 103.3xd +2.5 8.13
MtJpnIncIz1 68.0 71.5 +1.3 4.34
MntGltInc(z) 47.9 50.4xd −0.4 10.80
MtStRsO2 $14.92 14.92 .... —
MntInCOc17 89.26 9.73 .... —
ApIloO10 SF108.0 117.22 .... .119
JapOc15 HK42.95 40.49 .... 8.16
117GpS28 $17.05 18.99 .... 1.36
MFRNFO18 10.50 10.52 .... —
USFIFep20 $10.77 11.33 .... —

Murray, Johnstone (Inv. Adviser)
163 Hope St, Glasgow, C. 041-221 5521
HoStOc10 $65.38 18.81 .... —
MryFdO18 $19.16 20.41 .... —
PacFdOc17 $3.93 4.18 .... [illegible]

N.E.L. International Ltd
PO Box 119, St Peter Port, Guernsey, CI.
SterlingDep 70.1 80.1 .... —
SterlingFdIn 85.8 90.3 .... —
SterlingMan 92.8 100.8 .... —
Intl Fxd Int 101.0 109.8 .... —
IntlM2nagnd 102.8 111.7 .... —

Nat. Westminster Jersey Fd. Mgrs. Ltd
23/25 Broad St St Helier, Jersey. 0534 70041
HghIFd(a)(b) 52.9 55.0ed +1.0 10.91
EqtyFd(a)(b) 94.1 100.0 +2.0 1.93
IntBdFd(a)* 77.7 80.0 .... 8.82
*Sub. day every Thurs.

County Bank Currency Fund (z)
Dollar Class $22.8356 +0.0008 —
Strlng Class $11.3010 +0.0029 —
D-MarkClass DM53.2201 +0.0006 —
DtchGldrClss DFl53.2195 +0.0059 —
JpnseYenCl Y5 393.5600 +0.7747 —

Negit S.A.
10a Boulevard Royal, Luxembourg.
NAV 80.84 —

Newport International Management
Bank of Bermuda Bldg, Bermuda 809 295 4000
NptInSec $15.03 — +0.15 —
NptInInF $14.33 — +0.008 —
Npt Pacific $1.88 — +0.23 —

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000
American Trust $8.20 8.54 —

Normandy Trust Managers Ltd.
29, Athol Street, Douglas, IoM 0624 29626
NmryMt £1.0500 1.1061 2.00
NdyCmT1 £1.3066 1.3753 2.00
CmbCrG £0.8134 0.8985 .... 2.00

Northgate Unit Tst. Mngrs. (Jersey) Ltd
PO Box 82, St Helier, Jersey 0534 73741
PacFdOct17 11.83 12.73 .... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV $15.88 +0.03 —
Inv. Adv., M. & G. Inv. Mngt. Ltd., London.

Perpetual UT Mngrs. (Jersey) Ltd.
PO Box 459, St Helier, Jersey. 0534 74517
Offshr Gr $1.139 1.212 .... 1.00

Phoenix International
PO Box 77, St. Peter Port, Guernsey. 0481 23539
Intr-DllrFd $4.06 4.57 .... —
Far East Fd $3.43 3.70 .... —
IntlCurcyFd $1.72 1.88 .... —
DllrFxdIntFd £3.58 4.29 .... —
SterlExGltFd £2.47 2.68 .... —

Providence Capitol International Ltd.
PO Box 121, St. Peter Port, Guernsey. 0481 20726/9
£UKStckmkt 106.9 179.5 −1.0 —
$IntlStkmkt 97.0 105.3 +1.9 —
$WrldTech 129.8 139.4 +0.1 —
$NAStkmkt 105.5 115.4 +5.9 —
$FarEast $103.7 111.0 +0.1 —
£UK FxdInt 154.7 166.4 −1.0 —
$IntlFxdInt 117.2 120.1 .... —
$IntlCrrncy 104.8 112.8 .... —
£StlgMgdFd 144.3 155.3 +1.1 —
$DllrMgdFd 111.4 119.8 +0.4 —
£ SpcMktsFd 98.0 103.3 +2.3 —
SwissFrnc SF4.845 5.210 —
Prices on Oct 17. Next dealing Oct 24.
For other prices ring 0481 26726-9.

Putnam International Advisers Ltd.
10-12 Cork St, London, W1. 01-439 1391
Emrg Hlth Sci $9.20 .... —
Internat Fund $55.15 .... —
For Quest Fund Man. (Jersey) see Royal Trust Intnl. Mngt.

Quilter/Hainold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177
Resource Fd $14.01 .... 2.00
Next dealing date Nov. 1.

Rea Brothers (IoM) Ltd.
29 Athol St, Douglas, IoM. 0624 29690
BondFund £1.23 1.27 .... 8.33

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM. 0624 23914
Gold Bond 233.3 260.3 −1.4 —
StlgDepBd 180.04 190.57 .... —

[illegible]

TSB Trust Funds (C.I.)
20 Hill St., St. Helier, Jersey (CI). 0534 73494
TSBGltFdLtd 98.0 101.1xd 11.89
TSBGFdJsyLd 98.0 101.0xd 11.88
TSB Jrsy Fd 90.1 94.9 .... 4.80
TSB Grnsy Fd 90.1 94.9 .... 4.00
TSBCurcyFd 101.1 100.2xd .... —
Prices on Oct. 17. Next sub. day Oct. 24.

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St. London, EC4. 01-623 2494
NAV $455. IDR value US$11,018.10.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534-72930
Mng CrcyFd 104.0 109.7 +0.4 4.19

Tennant (Cayman) Managers Ltd and NATICO
PO Box 2189, Grand Cayman. 0101 (809) 9497436
WstmnstrCm $9.03 — .... —

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $139.22

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $181.59

Tyndall Bank (Isle of Man) Ltd.
30, Athol St., Douglas, Isle of Man 0624 28281
Stg Mny Fd — — 10.125
US$ Mny Acc — — 9.50

Tyndall Managers
2 New St. St Helier, Jersey. 0534 37331/3
TDFSL 191.4 205.5xd 1.22
American 208.0 222.8xd 1.81
Far Eastern 257.8 270.8xd 1.81
European 111.6 119.4ed 0.04
Prtflo $-Mgd 103.2 110.8 .... —
Prtflo $-Amer 98.0 107.6 .... —
PrtfloS-FEst 106.2 113.6 .... —
PrtfloS-Euro 104.9 113.3 .... —
Jersey Fd 172.0 180.0 .... 5.1
(Nn-J Ac Ut) 400.0 440.4 .... —
Gilt Fd 114.8 117.0 .... 10.32
(Accum Sh) 302.4 307.8 .... —
High Inc Gilt 107.4 109.0xd 12.57
(Accum Sh) 206.4 210.4 .... —
Victory House, Douglas, I o M 0624 24111

Tyndall International Assurance Ltd
Albert House, St Peter Port, Gurnsey 0481 27066
Intl Eqty 432.4 453.2 .... —
Do $ 3.225 5.300 .... —
Pacific Eqty 133.3 140.4 .... —
Do $ 1.010 1.605 .... —
NthAmerEqty 91.3 96.2 .... —
Do $ 1.100 1.180 .... —
UK Equity 203.6 290.0 .... —
Do $ 3.430 3.815 .... —
Euro Eqty 116.8 123.0 .... —
Do $ 1.410 1.485 .... —
Intl Fxd Int 40.3 463.5 .... —
Do $ 5.325 5.610 .... —
Stlg Fxd Int 260.8 280.9 .... —
Do $ 3.335 3.395 .... —
Dollar Dep 142.4 140.9 .... —
Do $ 1.720 1.015 .... —
Stlg Dep 156.1 163.3 .... —
Do $ 1.075 1.975 .... —
Commod 439.9 463.1 .... —
Do $ 5.320 5.600 .... —
Gold 85.3 89.8 .... —
Do $ 1.030 1.005 .... —
UK Prop 194.4 204.7 .... —
Do $ 2.350 2.475 .... —
Intl Mgd 5578.5 376.8 .... —
Do $ 4.520 4.550 .... —
UK Mgd 250.3 263.5 .... —
Do $ 3.025 5.185 .... —

Tyndall-Guardian Mngt Ltd.
PO Box 1256, Hamilton, Bermuda
T-G American $20.59 .... —
T-G Money $23.77 .... —
T-G Eurobond $16.29 .... —
T-G Commodity $21.98 .... —
T-G Mortgage C$121.73 .... —
T-G Overseas $11.00 .... —
T-G Pacific Y2,080 .... —
T-G Wall Street $25.83 .... —
T-G Gold $8.31 .... —

M. G. Tyrrell & Co. Ltd.
PO Box 415, London W13 9NY.
Ortac $11.08 11.35 .... —

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd
2, Throgmorton Ave, London 01-038 6111
UnicoInvFd $74.34 70.00 +0.40 —

Union-Investmnt-Gesellschaft GmbH
Postfach 16767, D 6000 Frankfurt 16
Unifonds DM20.94 22.00 +0.3 —
Unirak DM71.84 78.25 +0.95 —
Unirenta DM41.95 45.30 +0.20 —

United Fund Managers Ltd
16-18 Queens Rd Central, Hong Kong 5-231417
0 Mly 7 9.55 9.70 .... —
For Vanbrugh Currency Fund see Holborn Fund Management (Jersey) Ltd

S.G. Warburg & Co. Ltd and subsdrs
33, King William St, EC4R 9AS 01-280 2222
EnyIntOt10 $41.81 — −0.15 —
MrcErOt17 $18.55 18.72 +0.06 8.60
SlRskOct10 315.70 10.32 .... 1.55
39-41 Broad Street, St. Helier, Jsy. CI 0534 74715
MCmOct10 £27.12 27.01 .... 1.40
McFEOt17 $20.50 27.27 +0.82 0.92
Mc7rsOt19 £26.50 27.10 +1.13 1.80
MtlaOct14 $12.62 12.93 .... 5.25
McSIMIO18 $20.73 21.26 +0.59 1.41

Mercury Money Market Trust Ltd
D-Mark DM78.97 .... —
D Guilder DFl100.23 .... —
Japanese Yen Y7,060 .... —
£ Sterling £19.66 .... —
Swiss Franc SF77.20 .... —
U.S. $ $33.48 .... —
U.S. $ $33.48 .... —
1 Thomas St., Douglas, Isle of Man 0624 4856

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105⅜	101 1/16	Treas. 15pc 1985	101¼	+3/16	14.81	10.70
102¾	100	Exch. 12pc Cnv. '85	100 7/16	+1/16	11.95	10.91
96	93 9/16	Treas 3pc 1985	95¾xd	+1/16	3.13	10.86
102⅝	99½	Treas 11½pc 1985	100½	+⅛	11.47	11.02
99¼	96 3/16	Treas 6½pcCnv '85	98¼	+⅛	8.91	10.87
104 7/16	99⅞	Exch. 12¼pc 1985	101¼	+⅛	12.10	11.06
103 7/16	99 1/16	Exch. 11¾pc '86	100 1/16	......	11.73	11.50
102 3/16	95 1/16	Treas. 10pcCnv 1986	98 1/16	+⅛	10.18	11.37
91 11/16	89¼	Treas 3pc 1986	91½xd	+¼	3.28	9.03
102	96¾	Exch. 10½pc Cv '86	99xd	+3/16	10.61	11.27
104 1/16	99 1/16	Treas 12pc 1986	100½	+⅛	11.92	11.49
99¾	93½	Treas 8½pc 1984-86‡‡	95⅞	+¼	8.87	11.17
108 13/16	102 7/16	Exch. 14pc 1986	104 7/16xd	+⅛	13.41	11.49
87¼	85	Exch. 2½pc 1986	86⅝xd	+¼	2.88	9.61
107 11/16	100 13/16	Exch. 13¼pc 1987	103	+½	12.86	11.62
100⅝	94½	Treas 10¼pcCv '87	97 3/16	+¼	10.55	11.62
86¼	83¼	Exch 2½pc 1987	85 3/16	+1/16	2.93	9.70
101 1/16	94½	Exch. 10½pc 1987	97⅞	+⅛	10.73	11.52
92 11/16	87	Funding 6½pc '85-87‡‡	89⅞xd	+¼	7.23	11.24
99⅝	92⅞	Treas. 10pc 1987	95¼	+3/16	10.39	11.67
85	81 9/16	Treas 3pc 1987	83¼	+¼	3.60	10.17
105	97¼	Treas. 12pc 1987	100 13/32xd	+11/16	11.89	11.62
94⅞	87 9/16	Treas 7¾pc 1985-88‡‡	90 7/16	+11/16	8.57	11.30
100¾	92 15/16	Exch 10½pc '88	96¾xd	+11/16	10.85	11.68
98 7/16	89 13/16	Treas 9¾pc Cv '88	93 13/16	+11/16	10.38	11.83
82	77	Transport 3pc '78-88	77 7/16	–1/16	3.87	10.48
96 15/16	88 3/16	Treas. 9½pc '88	92¾xd	+⅛	10.24	11.82
106¾	94 13/16	Treas 11½pc 1989	98⅞	+⅝	11.63	11.79
95 7/16	87 15/16	Treas 9½pc Cnv. '89	92¾	+11/16	10.24	11.61
96 9/16	90 11/16	Treas 10½pc 1989	94⅞	+¾	11.07	11.95
100 5/16	88⅝	Exch.10pc 1989	93¼	+⅝	10.72	11.87
95¼	94¾	Exch 11pc 1989	96 11/16	+⅝	11.38	11.87
85⅛	77½	Treas 5pc 1986-89	79¼	+¼	6.31	10.45

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
112¼	100⅛	Treas 13pc 1990‡‡	108⅛	+⅝	12.43	11.76
110⅞	100¼	Exch. 12½pc 1990	103⅝	+⅝	12.18	11.83
93⅛	84⅞	Treas 8¼pc 1987-90‡‡	90⅝	+½	9.41	11.24
98 15/16	90⅝	Treas. 10pcCv 1990	92¼xd	+⅝	10.8[illegible]	11.82
107	94¾	Treas 11¾pc 1991	102¼	+⅝	11.[illegible]	11.86
84⅛	75⅝	Funding 5¾pc '87-91‡‡	78¾	+⅛	7.3[illegible]	10.41
105¾	93⅞	Exch. 11pc 1991	96¼xd	+⅝	11.[illegible]	11.68
112⅝	98⅞	Treas 12¾pc 1992‡‡	107¾	+⅜	12.[illegible]	11.77
100⅝	86	Treas 10pc 1992	93¾	+½	10.[illegible]	11.62
96⅞	94 1/16	Treas 10½pc Cv 1992	95¾	+⅞	11.[illegible]	11.57
[illegible]	95⅛	Exch. 12¼pc '92	104⅛	+⅜	11.[illegible]	11.80
117[illegible]	106⅛	Exch 13½pc 1992	109⅞	+½	12.4[illegible]	11.85
[illegible]	98⅛	Treas 12½pc 1993‡‡	107¾	+¾	11.[illegible]	11.68
[illegible]	71⅛	Funding 6pc 1993‡‡	74⅞	+⅜	8.[illegible]	10.52
121[illegible]	106¾	Treas 13¾pc 1993‡‡	110xd	+⅜	12.[illegible]	11.73
12[illegible]	108¼	Treas 14½pc 1994‡‡	118⅜	+¾	12.46	11.59
[illegible]	106	Exch 13½pc 1994	109¾xd	+⅝	12.28	11.70
[illegible]	96¾	Exch. 12½pc 1994	106¾	+½	11.94	11.68
[illegible]	82⅞	Treas 9pc 1994‡‡	86⅛xd	+½	10.37	11.31
[illegible]	94⅝	Treas 12pc 1995	104⅝	+⅝	11.80	11.78
[illegible]	58¾	Gas 3pc '90-95	62xd	+¼	4.83	8.53
[illegible]	86	Exch. 10¼pc 1995	94¾	+¾	11.12	11.65
117⅝	102⅝	Treas 12¾pc 1995‡‡	106⅝xd	+½	11.86	11.55
122⅝	106⅞	Treas. 14pc '96	117½	+¾	12.28	11.71
94⅛	83⅛	Treas 9pc 1992-96‡‡	87⅛	+⅝	10.44	11.17
134⅞	118¼	Treas 15¼pc 1996‡‡	121⅞xd	+¾	12.46	11.68
122⅛	106½	Exch 13¼pc 1996‡‡	110¼xd	+⅝	11.92	11.50
69½	63¼	Redemption 3pc 1986-96	67	+¼	4.49	7.18
120	104½	Treas 13¼pc 1997‡‡	114⅞	+¾	11.88	11.45
104½	87⅜	Exch 10½pc 1997	96¼	+½	11.12	11.33
92½	77½	Treas 8¾pc 1997‡‡	84⅞	+⅜	10.46	11.17
134⅝	118⅛	Exch. 15pc 1997	121¾xd	+¾	12.30	11.68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	160	......	Q100c	♦	36.4
17	8	Wankie Col. Z$1	9	......	—	—	—
21	14	Zam.Cpr.SBD0.24	15½	......	—	—	—

Australians

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	23	♥ACM 50c	38	+2	—	—	—
98	17	♥Allstate ExpFn. NL	17	......	—	—	—
10½	3½	♥Asia Oil & Minerals	4¼	+¼	—	—	—
19½	12	♥Aust. Hydrocarbons NL	16½	......	♦	—	—
28	15	♥Australis Mng NL	15	......	—	—	—
45	15	♥Balmoral Res.	22	......	—	—	—
36	18	♥Black Hill Mins	22	+1	—	—	—
105	77	♥Bond Corp	103	......	Q10c	♦	6.6
177	90	♥Bougainville 1 Kina	121	+1	Q16.4c	1.2	8.9
406	276	♥CRA $2	342	+6	†C12c	1.5	1.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(5).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▮ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	84xd	+2	Arnott	195	......
Craig & Rose £1	£31	......	CPI Hldgs	57	......
Finlay Pkg. 5p	42	......	Carrol Inds.	115	......
Higsons Brew	83	......	Dublin Gas	65	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	43	......
IoM Stm. £1	105	+2	Helton Hldgs.	15	......
IRISH			Irish Ropes	35	......
Exch. 12% 1985	£98¾xd	......	Jacob (W.& R.)	60	......
Nat. 9¾% 84/89	£84	......	TMG	65	......
Fin. 13% 97/02	£89⅝	+¼	Unidare	78	......

OPTIONS — 3-month call rates

[illegible]

A selection of Options traded is given on the

FINANCIAL TIMES
Saturday October 20 1984

MAN IN THE NEWS

McNestry prepares for battle

BY PHILIP BASSETT

"YOU'RE LIKE bananas in Nacods—all bent and yellow, and rotten inside. Let us fight — to get you more money. Typical of an official!"

So said one Kent miner in the 1972 coal strike, taking a different view of the relationship between miners and their foremen than those who today suggest that, if they strike from next Thursday, members of the National Association of Colliery Overmen, Deputies and Shotfirers will be acting as Arthur Scargill's "stormtroopers" in the present dispute.

Peter McNestry, Nacod's gritty general secretary, is aware of the accusations that the deputies' projected strike was cooked up between himself and Mr Scargill at last month's TUC Congress, but he is at pains to stress that Nacods is not fighting the National Union of Mineworkers' battle. "We've got our own problems," he says.

Traditionally, as the words of the Kent miner suggest, there is little love lost between the miners and their officials: Nacods members crossed NUM picket lines in the 1972 and 1972 strikes, and have done so again this time.

Peter McNestry

In fact, Nacods — and Mr McNestry in particular — have tirelessly worked away behind the scenes throughout the miners' strikes in an effort to bring the NUM and the NCB together and end the dispute. Mr McNestry admits to disappointment that the NCB has so little recognised all these efforts as to be on the point of a strike by what are effectively its own second-level line managers.

More than most union leaders, perhaps, Mr McNestry is aware of his own members' feelings. With 15,000 members, Nacods is a small union with only a few officials at the top. Mr McNestry has been away from the pits for only 16 months;

He did not even move through what few ranks there are in Nacods. He was branch secretary at the giant Kellingley colliery, near Pontefract, and, according to one story, after launching a blistering attack on the union's leadership from the floor of a Nacods annual conference, was proposed by Yorkshire for the top job, and was elected.

Now 42, his relative inexperience — particularly on the national political stage, on to which he has suddenly been thrust—cuts two ways: it unblunted by national-level trade unionism (and so is prepared to be openly passionate about saving the industry) and he is liable to respond perhaps over-emotionally to such events as last weekend's abortive negotiations.

Mr McNestry says "We are proud of what we do. We are proud of keeping pits going, sometimes through fire and roof collapses and flooding. But if you're asking why we are now going to close them down, the answer is simple: We haven't had an Ian MacGregor before."

Mr McNestry has drawn the approval of the trade union left (which courted him as a possible candidate when he stood this year, eventually unsuccessfully, in the TUC General Council elections) and also of those involved in the coal talks, who are impressed by his coolness and his readiness to sit it out to get a settlement.

Today he and Mr Sampey will travel to Nottinghamshire to address Nacods delegates from an area where doubts about the strike are thought to be high. They may face an uphill climb to win support.

But Mr McNestry feels that Mr MacGregor has taken away the choice from a union which more than most would fit the term "traditionally moderate."

"Nobody in Nacods wants to strike," Mr McNestry says. "We

Presidential rivals face 'High Noon'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IF THE pre-match hype is to be taken seriously, tomorrow night's second and final televised duel between President Ronald Reagan and Mr Walter Mondale should be staged in Tombstone, Arizona, rather than Kansas City, Missouri.

This is the two men's "High Noon," the "Gunfight at the K.O. Corral." One of them will finish up on Boot Hill.

The U.S. media love to promote a fight, thereby boosting circulation and TV ratings, and positioning themselves to act as final arbiter—just as they did after round one in Loisville, Kentucky, two weeks ago.

The fall-out from Louisville —Mr Mondale's comeback in the opinion polls and the new wave of confidence sweeping through Democratic ranks—has put Mr Reagan in a spot that his advisers never dreamed of when they, perhaps unwisely, allowed him to accept Mr Mondale's challenge to a public shoot-out.

The 73-year-old Mr Reagan is now under pressure to stop the rot by dispelling doubts about his age and competence raised by his shaky performance in the first debate. In a phenomenon now typical of U.S. elections, the questions were first posed by the media, which then invited a public response through the opinion polls.

Mr Reagan cannot escape the political reality that the answers to these polls have created, unfair though it may seem to the White House. Two major polls this week put his lead at nine and 12 percentage points (down from 13 and 18 points respectively before the first debate).

Yesterday, however, the USA Today poll showed Mr Reagan apparently regaining ground with a 25-point lead, 61 to 36 per cent. An NBC News survey also put Mr Reagan 25 points ahead.

The conventional wisdom is that Mr Reagan must win tomorrow, or at least show that he is still firmly in the saddle, if he is to prevent serious erosion of support.

This time, the subject matter — foreign, defence and nuclear policy — favours the challenger even more than the domestic issues of the first round. It is in this area that Mr Reagan is believed by the Democrats to be most vulnerable, and it is here that Mr Mondale has scored some of his most telling points in recent days.

The Mondale camp, which has been publicly sharpening its knives this week, says that its candidate's plan is to go aggressively after Mr Reagan on his failure to reach arms control agreements with the Soviet Union, on the three disastrous bombings of American installations in Lebanon, the "secret war" in Nicaragua, and generally muddled and weak Presidential leadership.

Mr Mondale, says Mr James Johnson, his campaign manager, will "address Mr Reagan's past statements" on nuclear issues. He gives as an example the President's 1982 gaffe when he appeared to say that nuclear missiles launched from submarines could be "recalled" after firing.

Another avenue for attack has been provided by this week's revelations of a secret Central Intelligence Agency guerilla instruction primer for the right-wing Contra rebels in Nicaragua, which teaches them, among other things, how to kidnap and "neutralise" their enemies. Mr Reagan sought hurriedly to close that opening on Thursday by calling for an investigation to see if there had been "managerial deficiencies" at the agency.

This time, the White House says, Mr Reagan has learned his lesson. He will not go on the screen over-stuffed with indigestible facts and figures. He will concentrate on his so far successful broad campaign themes of peace, patriotism and American strength. He will be his old self.

Even if Mr Reagan "loses" in the eye of the media and public opinion, it will be too early to write his epitaph. His lead, by historic standards, is comfortably high. He averages a commanding 53 to 58 per cent level of support among registered voters.

Mr Mondale narrowed the gap by persuading previously wavering Democrats to return to the fold. With only just over two weeks to go,

He now faces the much more difficult task of prising loose large numbers of Mr Reagan's supporters. The latest Louis Harris poll still gives Mr Reagan a 53 to 45 per cent favourable rating for his handling of foreign policy.

If Mr Reagan wins tomorrow, says Mr Harris, he has probably won the election. If not, it is "Probably up for grabs." Mr Harris concludes: "It comes down to one 90-minute period — I can't think of an event like this in modern political history."

Report urges 74,000 job cuts to rescue French car industry

BY PAUL BETTS IN PARIS

THE FRENCH car industry will have to shed 74,000 jobs between now and 1988 if it is to recover from its present crisis, a Government-commissioned report says.

The report, published yesterday, was prepared by M Francois Dalle, chairman of the French L'Oreal cosmetics group and one of the country's most respected business managers. It urges the Government to advance low-interest loans of at least FFr 6bn (£530m) a year in 1985, 1986 and 1987 to the two main domestic car makers, Peugeot and the state-owned Renault, to help them finance their investments. It also recommends the Government to ease controls on car prices—which are among the lowest in Europe—to enable the manufacturers to raise them by about 3 per cent on the domestic market during the next two years.

The Government commissioned the report last summer in its search for a strategy to tackle the deep crisis which has hit the French car industry. But its publication has been repeatedly delayed because, it appears the Government objected to some of M Dalle's harsh conclusions on the need for job cuts and heavy state backing for the troubled industry.

The report says that foreign car makers' share of the French market increased from 21 per cent in 1979 to 35 per cent in the first half of this year. In the same period, the combined market share of Renault and Peugeot fell from 30 per cent to 24 per cent.

There has been a worrying decline in productivity, with Renault and Peugeot's Citroen subsidiary needing 8,000 workers to produce 1,200 cars a day compared with 6,000 for Fiat of Italy and 4,000 for Japanese makers.

The two French car groups, which between them lost more than FFr 4bn last year, also face annual financial debt charges amounting to 4 per cent of their sales, compared with an average of 2 per cent for their main international rivals, the report adds.

It says that the industry, which accounts directly and indirectly for about 800,000 jobs in France, must reduce employment drastically, adopt Japanese industrial production methods, and maintain a minimum annual investment rate of at least 7 per cent of annual sales.

Renault and Peugeot should each bring out one new model a year.

The report says that the combined workforce of Peugeot and Renault, which totalled about 230,000 at the end of June 1983, would have to be cut to 160,000 by the end of 1988.

The two companies have already shed 16,000 jobs since 1983. This leaves 54,000 job cuts between now and 1988. The report adds that 20,000 additional jobs will have to go among industry suppliers and component makers by the end of 1987. They now employ about 122,000. There will inevitably be further job repercussions on the industry's dealer and commercial networks.

The report recommends early retirements, repatriation incentives for immigrant workers, and job retraining and relocation programmes to resolve the employment problem. It says retraining programmes will cost the Government about FFr 2.5bn in the first two years.

The Government will also have to step up its financial suport to the two domestic car markers sharply. In 1983-84 the state advanced FFr 1.75bn in soft loans to Peugeot and Renault, whose combined investments in those two years totalled FFr 28bn.

These investments will have to reach at least FFr 37bn in the 1986-87 period.

Outcry over 'Giscard' bonds tax move

By David Housego in Paris

THE FRENCH Government, which increased wealth tax this week so as to help the poor, yesterday raised the level of tax to be paid by certain private French holders of 1973 gold-indexed bonds.

The decision was seen as a concession to the Communists and the Left of the Socialist Party. The announcement in the National Assembly provoked an outcry from Opposition members, who accused the government of changing the terms under which a state loan had been issued.

Finance Ministry officials stated that the terms of the bond issue allowed modification of the tax regime.

In feverish trading on the Paris Bourse, 30,000 to 50,000 of the bonds were sold. This caused a 1.8 per cent fall in their value, to FFr 9,003 (£800), compared with FFr 9,170 on Thursday. They are known in France as "Giscard" bonds because they were issued when M Valéry Giscard was Finance Minister.

They have long been a source of political controversy because of the large profits that holders have made from them. As conceived by M Giscard, the FFr 6.5bn state loan issue of 1973 carried a 7 per cent interest rate. To make it more attractive, he linked both interest payments and the capital to the price of gold, believing that the price would stabilise or fall.

In fact, gold prices shot up and the Government has already disbursed FFr 22.5bn in interest. M Henri Emmanuelli, the Budget Minister, told the Assembly yesterday that by 1988, when the bond is due for redemption, the government would have paid FFr 100bn in capital and interest.

About 60 per cent of the stock is held by institutions, including foreign purchasers. The government, aware that the decision carried a risk to its international credibility, said there would be no change in taxation rules where foreigners or French institutions were concerned.

It also said that both interest and capital payments on the bond would continua to be index to gold.

The special tax rules applied to the bond had provided for a 25 per cent withholding tax, with relief on the first FFr 5,000 of payments. Now interest payments will have to be included in normal tax returns, which means that holders in the highest income brackets will be liable for rates of up to 60 per cent on those payments. On the other hand, small savers on low rates could well pay less.

The Communist Party has long campaigned for the government to revise the terms of the loan. Socialists and politicians of other parties, who believe that profits made on the loan and its cost to the state have been excessive, have given some support.

Sterling Continued from Page 1

economic strategy remains firmly on course had failed to stem widespread selling of the UK currency.

In the past week it has lost more than 3 per cent of its overall value.

In spite of Mr Lawson's obvious confidence that sterling's weakness is temporary, many dealers said it could face another turbulent week unless oil prices hold steady, or the pit supervisors' strike is not successful.

The dollar's weakness came in response to revised figures showing that the U.S. economy grew by only 2.7 per cent in the third quarter compared to an original estimate of 3.6 per cent.

The figure combined with a fall in the weekly U.S. M1 money supply figures to raise expectations of lower U.S. interest rates.

The dollar closed in London at DM 3.0720, down 5 pfennigs on the day, and its trade-weighted index as calculated by the Bank of England fell from 143.8 to 142.8.

On the London stock exchange prices bounced back after their collapse earlier in the week. The FT Industrial Ordinary index recouped 19 points of its 47-point fall of the previous three days to close at 853.5.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 9¼pc 1988	£92⅞	+ 1½
Treas 13¾pc 2000-03	£122	+ 1¼
Treas 2½pcIL 2016	£93¾	+ 1
BTR	474	+ 18
Bath & Portland	234	+ 20
Dowty	170	+ 9
Glaxo	960	+ 30
Hadco	179	+ 13
Iceland Frzn Foods	325	+ 7
ICI	686	+ 24
Imperial Group	165	+ 6
Jaguar	212	+ 7
Johnson Matthey	135	+ 23
Midland Bank	345	+ 7
Rank Org	252	+ 12
Roberts Adlard	115	+ 10
Rowntree Mcknotsh	350	+ 16
Royal Insurance	490	+ 10
STC	278	+ 8
TI	198	+ 10
Tate & Lyle	422	+ 22
Tootal	54½	+ 3
Tyzack & Turner	71	+ 8
Utd Guarantee	22	+ 5
Vantona Viyella	226	+ 12
BP	463	+ 8
Shell Transport	630	+ 20
Ultramar	251	+ 21
Charter Cons	223	+ 15
FALLS		
ERF	37	− 3

WORLDWIDE WEATHER

UK TODAY: Windy with sunny intervals and showers, which will die out in S and E. Gales in N and NW.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Dallas	—	—	—	Luxmbg	R	13	55	Peking	S	14	57
Amsdm	C	13	55	Dublin	C	12	54	Madeira	C	22	72	Perth	S	29	84
Athens	S	21	70	Dbrvnk	F	18	64	Madrid	R	13	55	Prague	F	19	66
Bahrain	S	34	93	Edinbgh	C	10	50	Majorca	C	—	—	Rykjvk	F	5	41
Beirut	S	22	72	Faro	C	20	68	Malaga	F	20	68	Rhodes	S	22	72
Belfast	F	10	50	Florence	C	20	68	Malta	T	21	70	Rio J'ot	—	—	—
Belgrd	S	22	72	Frankft	C	17	63	M'chstr	C	12	54	Rome	F	20	68
Berlin	F	17	63	Geneva	S	20	68	Melbne	F	17	63	Salzbrg	S	19	66
Biarritz	F	19	66	Gibrltr	F	20	68	Ms Ct	—	—	—	S'ciscot	R	11	52
Bmghm	R	11	52	Gl'sg'w	C	11	52	Miami	S	24	75	Singapr	F	29	84
Blackpl	S	13	55	G'rnsey	R	13	55	Milan	C	15	59	Stckhm	F	13	55
Bombay	S	32	90	Helsinki	C	10	50	Montrl	S	11	52	Strasbg	F	20	68
Bordx	F	19	66	H Kong	F	26	79	Moscow	C	8	46	Sydney	S	18	64
Boulgn	F	15	59	Innsbrk	S	17	63	Munich	S	21	70	Tangier	F	21	70
Bristol	C	12	54	Invrnss	R	11	52	Naples	S	20	68	Tel Aviv	S	22	72
Brussels	R	14	57	IoMan	R	12	54	Nassau	—	—	—	Tenerife	S	25	77
Budpst	S	15	59	Istanbul	S	17	63	Nwcstl	F	13	55	Tokyo	R	17	63
Cairo	S	25	77	Jersey	R	13	55	N Delhi	S	29	84	T'rnto†	C	12	54
Cardiff	C	10	50	Jo'burg	S	27	81	N York†	—	—	—	Tunis	F	23	73
Cape T	S	16	61	L Plms	S	19	66	Nice	C	15	59	Valencia	C	21	70
Chicgt	F	—	—	Lisbon	C	20	68	Nicosia	S	23	73	Venice	F	15	59
Cologne	C	15	59	Locarno	R	13	55	Oporto	C	18	64	Vienna	S	11	52
Cpnhgn	F	13	55	London	R	14	57	Oslo	F	13	55	Warsaw	C	17	63
Corfu	S	22	72	L Angl	F	14	57	Paris	R	14	57	Zurich	S	18	64

Continued from Page 1

Miners' hopes

sising that dramatic breakthrougha should not be expected.

The Labour leader asked the Prime Minister, by letter to clarify the Government's position over the miners' dispute.

The British Steel Corporation said it would not hesitate to use legal action if operations at any of its plants were threatened by supporters of the miners' strike.

In a report to employees in the latest issue of the company newspaper, Steel News, Mr Bob Haslam, the BSC chairman, said the corporation had not gone to court yet, maini ybecause it had succeeded in maintaining business as usual.

"But if one of our major plants was threatened, we could not hesitate to protect it through the appropriate legislation," the British Steel chairman added.

Cable TV Continued from Page 1

The 53 networks showing non-broadcast TV are scattered from Plymouth in the west to Gateshead in the north-east.

The sale by BET is part of a radical restructuring programme begun in April 1983 in an effort to shrug off the group's

BET has maintained an active acquisition policy since announcing last May its plan to sell Rediffusion's television rental interests to Granada Group for £120m and buy the outstanding 60 per cent of the Initial towel rental group for

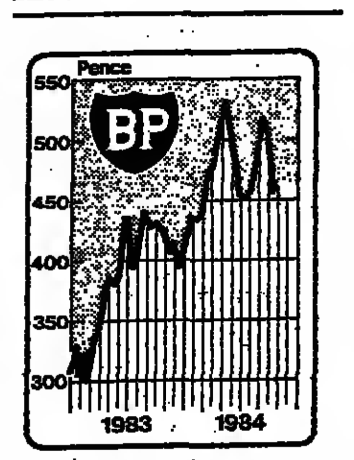
THE LEX COLUMN

Davy lamp at the Stock Exchange

It is just possible that this was the week when the London equity market started to think seriously about the miners. Admittedly, there were other things to worry about at the same time, including such old faithfuls as collapsing oil prices and a run on the pound, so it would be hard to tell just by watching the market rise and—mostly—fall. But people around the market are waiting to see if there is a full-blown Nacods strike, talking about power cuts, and working out how far share-prices ought to fall in order to allow for the damage they would cause. (The answer is said to be somewhere near 5 per cent below the recent peak; 3 per cent has come off so far.)

The sharp recovery yesterday may seem at odds with all this; growing pessimism does not usually produce a 20-point jump in the FT 30 share index. The market was actually enjoying a really good bear squeeze, having been caught on the wrong foot by an unexpected rally on Wall Street. In equities, this probably meant that about three-quarters of the rebound was due to self-defensive pricing by the jobbers, who have tried all week to avoid taking on the large lines of stock which expose them to big risks as the market swings.

Index rose 19.0 to 853.5



British Telecom

The power behind the button wielded by U.S. equity salesmen enables them to distribute new shares in BT and begin trading them all, within hours of underwriting them. It must always have been clear to the BT privatisation advisers that any U.S. underwriting would therefore have to come some time later than the UK underwriting to prevent U.S. traders queering the pitch for the traditional City subscription process.

The problem of the potential hole left in the UK underwriting net by this U.S. timing quirk has been encountered twice before. The elaborate dual underwriting mechanism set up for the Reuters share sale earlier this year caused enough confusion in the end to rule itself out as a candidate scheme for BT. But the far simpler approach adopted for the sale of BP shares in 1977 must have looked more attractive; they were entirely underwritten in the City, leaving the U.S. banks to apply for shares later much like everyone else.

The BT advisers have opted for a third course in resorting to an interim underwriting role for the Bank of England. The apparent explanation on offer is that this will be cheaper than a BP style underwriting—perhaps as much as £7m-£8m could be saved. But in view of the evident risk—any significant portion still sitting in the Bank's vaults at the end would surely disqualify the sale as a true privatisation—this housekeeping motive looks a little thin.

It seems more than likely that the £3bn of stock being sold has exhausted the City's capacity. It is a figure more usually associated with record-busting deals on Wall Street, and sits rather incongruously beside the modest capital bases of most of the UK institutions which will act as sub-underwriters. Perhaps the Bank has agreed to plug the gap between their ceiling and £3½bn.

Presumably, the Bank is confident that there will be enough overseas demand to relieve it of its shares as planned. Whether the size of the foreign portion is really a function of the City's capacity or of the overseas demand, however, the question arises what would happen in the event of the unexpected happening. How far would the U.S. investment banks, for example, feel obliged to step in were Wall Street in disarray? And how far, on the other hand, would the shares being underwritten by the Bank be available to UK buyers if BT were dramatically oversubscribed?

BP/Johnson Matthey

Ever since it was cobbled together over a weekend in Threadneedle Street, the rescue package for Johnson Matthey has looked increasingly unlikely to go through in its original form. The terms on which the reconstruction of JM would have given control to Charter Consolidated were just too much of an affront to the other shareholders; the Prudential even went so far, in its indignation, as to build its own holding up to a notifiable level. Yesterday the last chance of the initial scheme being approved at the EGM probably evaporated, with the emergence of BP as yet another significant bidder—in this case one with clear designs upon the rest of JM.

Bidding for Johnson Matthey is at first sight a strange thing for BP to be contemplating, but at a period when cash will be flowing into BP faster than oil projects can absorb it, a leap into the dark was to be expected. Naturally enough, BP does not see it that way, even if the published accounts of Johnson Matthey have taken on a striking resemblance to a Black Hole.

Previously deterred from approaching JM because it was (rightly) reluctant to buy the banking business, BP sees the industrial rump of JM mainly as a vehicle for pushing some of its own investments in technology into the market place. On the fringes of BP there are apparently innovations in resins, paints, in composite materials and in catalytic chemistry which ownership of JM could bring much more quickly into commercial life.

The possibility that BP may be prepared to pay for control of JM on a conventional earnings basis, perhaps on a speciality chemicals multiple in the mid-teens, will in itself put Charter on the spot. It would need a good reason to spurn an offer of 150p or so, when its own rescue attempt was rushed in about 100p lower. The chance of doing deals—perhaps over JM's metal refining interests—must be in the minds of both parties. Yesterday the market clutched optimistically at BP's arrival, putting JM shares up by a fifth, to 135p.